

寶特 LOGISTICS

BUILDING  
**NEW VENTURES**

ANNUAL REPORT 2015



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PROXY FORM

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

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

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



# CORPORATE PROFILE

Logistics Holdings Limited (the “Company” or “Logistics Holdings”, and together with its subsidiaries, the “Group”), through its wholly-owned subsidiaries, Logistics Construction Pte Ltd and Apex Projects Pte Ltd, is principally engaged in providing building construction services and interior decoration/fitting-out services in Singapore. We have a track record of more than 29 years in the construction business in Singapore, having undertaken numerous public and private projects as a main contractor.

Logistics Holdings also operates a precast manufacturing plant in the Iskandar region, Johor, Malaysia. The products from this precast plant primarily serve the Group’s public and private residential, industrial or commercial projects in Singapore. The plant’s excess capacity, if any, can be channelled to external customers from Singapore and possibly from the Iskandar region.

Its indirect wholly-owned subsidiaries, Le Premier Development Pte Ltd (“**Le Premier Singapore**”) and Le Premier Development Sdn Bhd (“**Le Premier Malaysia**”), are engaged in property development. Le Premier Singapore is currently redeveloping a freehold residential site located at 21 Paya Lebar Crescent, which it acquired in 2013, into a high-end landed cluster housing. Le Premier Malaysia is currently developing a plot of freehold land, which it acquired in 2014, in Senai Industrial Park, Johor, Malaysia, into medium industrial factories.

The Company also incorporated two indirect subsidiaries, New Soil Technologies Pte Ltd (“**New Soil**”) and MSC Engineering Pte Ltd (“**MSC**”), in February 2014 and May 2014 respectively. The Company has an indirect interest of 60% in New Soil and 70% in MSC. Together with our partners, New Soil will undertake soil treatment activities, while MSC will support our building and construction activities.

Logistics Holdings Limited was listed on the SGX-ST Catalist on 18 January 2013.



## CHAIRMAN'S MESSAGE

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**“We are proposing a first and final dividend of 0.8 Singapore cents (\$\$0.0080) per ordinary share for FY2015, which is the same dividend per share as compared to the preceding financial year.”**

**— Pao Kiew Tee**

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### DEAR SHAREHOLDERS,

I am pleased to present to you the annual report of Logistics Holdings Limited (“Logistics Holdings”, and together with its subsidiaries, “the Group”) for the financial year ended 30 June 2015 (“FY2015”).

The Group’s revenue in FY2015 increased 11.7% year-on-year (“y-o-y”) to S\$128.4 million, a record high in the Group’s history. Higher material costs for our new-build projects and precast manufacturing affected gross margins; nonetheless, our gross profit still grew 4.6% y-o-y to S\$10.8 million in FY2015, also a historical high. Higher operating expenses also affected our profitability with profit attributable to equity holders decreasing 14.4% to S\$4.2 million in FY2015.

Notwithstanding the decrease in the Group’s profit attributable to equity holders for the financial year, we are proposing a first and final dividend of 0.8 Singapore cents (\$\$0.0080) per ordinary share for FY2015, which is the same dividend per share as compared to the preceding financial year.

Our proven track record has enabled us to continue securing construction contract wins, gaining a total of approximately S\$93.8 million worth of new contracts in FY2015. Our construction order book stood at approximately S\$230.3 million as at 30 June 2015, which will provide sustainable activities through the financial year ending 30 June 2016.



According to construction demand forecast by the Building and Construction Authority (“BCA”) in January 2015, the public construction demand is expected to be between S\$27.0 billion to S\$36.0 billion for 2016 and 2017. The Group will continue its effort to tender for more construction projects, while remaining wary of the intense market competition and increase in construction cost.

On behalf of the Board of Directors, I would like to thank the Group’s management and staff for their dedication and diligence in FY2015. I am confident the Group’s management will continue their endeavours to propel the Group forward.

**MR PAO KIEW TEE**

*Non-Executive Chairman and Independent Director*



## CEO'S STATEMENT

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**“As at 30 June 2015, our construction order book stood at S\$230.3 million. We will continue to tender for more projects to build up our order book further. The public construction demand is expected to remain strong and we will continue to evaluate our grading status as a main contractor with a view to bid for larger-scale projects.”**

**— Phua Lam Soon**

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### DEAR SHAREHOLDERS,

I am happy that our management team has achieved a few highlights for our financial year ended 30 June 2015 (“FY2015”).

Our Group revenue has seen steady growth over the years, to reach approximately S\$128.4 million in FY2015. We have seen an increase in our revenue of approximately 11.7% over our last financial year ended 30 June 2014 (“FY2014”) and our gross profit also increased from approximately S\$10.3 million in FY2014 to approximately S\$10.8 million in FY2015.

In FY2015, we continued to secure several public sector construction projects. We were awarded two contracts worth a total of S\$80.0 million from a government ministry for addition and alteration (“A&A”) works covering the erection of a 6-storey classroom block and an indoor sports hall of a primary school and term contracts for the provision of building, turfing and planting maintenance works, A&A works and repair & redecoration works to three groups of schools. We also secured a S\$13.8 million contract from a statutory board for A&A works to six existing conserved buildings and infrastructure works at Seletar Aerospace Park. The securing of these projects is testimony of our experience and the confidence that our clients placed in the Group.

As at 30 June 2015, our construction order book stood at S\$230.3 million. We will continue to tender for more projects to build up our order book further.

The public construction demand is expected to remain strong and we will continue to evaluate our grading status as a main contractor with a view to bid for larger-scale projects.

Our precast manufacturing plant in Iskandar, Johor, has commenced production in January 2015 and has been supplying precast building components to two of the Group's construction projects. As the precast manufacturing reaches a more matured level, the Group will strive to achieve better operational productivity and cost efficiency.

The development of our property development projects in Singapore and Malaysia is progressing according to schedule. We have completed the piling works and entered into the initial construction phase for our Singapore residential property development at 21 Paya Lebar Crescent. We have also commenced the earthworks for our industrial property development in Senai Industrial Park, Johor.

The management team continues to think of ways to further expand the Group's business. In April 2015, the Group signed a non-binding Memorandum of Understanding ("MOU"), through a 60%-owned indirect subsidiary with China Steel Corporation ("CSC"), one of the largest steel companies in Taiwan, to develop a solution in Singapore to convert marine clay to produce engineering soil, a sand-like final product which is able to meet the requirements for use in land reclamation, backfill and road base. Pursuant to this MOU, the Group's subsidiary company shall carry out the feasibility studies and relevant testing. Upon completion of such studies and testing, the Group and CSC intend to formalize a joint venture for further cooperation.

The management and I will continue to be prudent in our cost and project management and also be mindful of the economic landscape in both Singapore and Malaysia as we enter into the new financial year.

I want to thank the Board for their guidance and support. I would also like to thank my team for their dedication and commitment. I look forward to your continued support in the years ahead to bring further success to Logistics Holdings.

**MR PHUA LAM SOON, PBM**

*Chief Executive Officer*



## 寶特控股 – 2015年年度报告 总裁致辞

尊敬的各位股东，

我很高兴寶特控股的管理团队在截至2015年6月30日的财政年度(下称“2015财年”)里所取得的几个亮点成就。

多年来本集团的营收稳健增长，2015财年营收高达大约1.28亿新元，比2014财年增加了大约11.7%。集团的毛利也从2014财年的1030万新元增至2015财年的1080万新元。

在2015财年里，集团争取到几项公共部门的建设项目。我们获得总价值\$8000万新元的两项合同，为某政府部门进行加建和修改(“A&A”)工程，其中包括为一所小学建设6层高的课室大楼和一栋室内体育馆，以及为三组若干学府进行建设，植草和种植维修，加建和修改和维修及重新装修工程的长期合同。

我们也获得了某政府机构1380万新元的合同，在实里达航空园区为六栋受保护的建筑物进行加建和修改工程。成功获得这些项目证实了集团在行业内的信誉和经验，以及客户对集团施工的信心。截至2015年6月30日，集团的建筑订单维持在2.303亿新元。我们将继续投标更多的项目，以进一步补充我们的订单。

公共建筑的需求预计将保持强劲，我们将继续探讨作为主承包商的等级，以申办更大型的项目。

我们在柔佛州依斯干达的建筑预制产品工厂已经在2015年1月开始投产，并已陆续提供建筑预制产品给集团的两个建设项目。随着建筑预制产品生产达到一个更加成熟的水平，集团将力争实现更高的运营效率和成本效率。

步入新的财政年度，我和管理团队将继续审慎营运成本和项目管理，谨慎观察新马两地的经济状况。

我要感谢董事会给予的指导和支持，也感谢管理团队和所有员工的贡献和付出。我期待您的继续支持，在未来几年为寶特控股带来进一步的成功。

潘南舜 PBM  
总裁



## BOARD OF DIRECTORS



**PAO KIEW TEE**

*Non-Executive Chairman and Independent Director*

Pao Kiew Tee is our Non-Executive Chairman and Independent Director. He was appointed as our Director on 24 December 2012. He is also the Chairman of the Audit Committee and a member of both the Nominating Committee and Remuneration Committee of our Company.

Mr Pao is a Senior Government Auditor currently holding the position of Senior Group Director. As a senior auditor, he leads teams in the audit of government ministries and statutory boards. Prior to joining the Singapore Government in 1979, Mr Pao was with an accounting firm in New Zealand between 1977 and 1978. From graduation in 1974 to 1977, Mr Pao worked for the Commercial Bank of Australia in New Zealand.

Mr Pao is currently an independent director or chairman of three other public listed companies in Singapore, namely Imperium Crown Limited, Jubilee Industries Holdings Limited and Mary Chia Holdings Limited. He held the position of honorary treasurer or honorary secretary of the Serangoon Gardens Country Club for several years between 1998 and 2012. He is also active in various grassroots organisations.

Mr Pao holds a Bachelor of Commerce (Accounting) degree granted by University of Otago, Dunedin, New Zealand in 1974. He is a Fellow Chartered Accountant in Singapore.



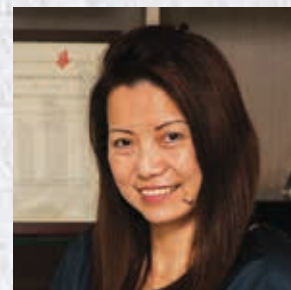
**PHUA LAM SOON**

*Chief Executive Officer*

Phua Lam Soon is our CEO and one of our co-founders. He has been a director of Logistics Construction Pte Ltd and Apex Projects Pte Ltd since their incorporation on 25 April 1992 and 7 October 2008 respectively. Mr. Phua was the sole first Director of our Company and also a member of the Nominating Committee.

Mr. Phua is in charge of setting the strategic plans and steering the business development of our Group as well as its overall management of our Group and day to day operations. He has more than 27 years of experience in the building construction industry in Singapore. Under Mr. Phua's direction, our Group has undertaken a wide range of building constructions services that it offers, from renovation and interior fitting-out works to upgrading works and main building works for public sector projects. He has also spearheaded our Group's venture into Design & Build projects involving lift upgrading and home improvement programmes by the Housing and Development Board.

In addition to his involvement with our Group, Mr. Phua is currently the vice-chairman of the Sembawang Citizens' Consultative Committee. In August 2010, he was conferred the Public Service Medal (Pingat Bakti Masyarakat) by the President of the Republic of Singapore.



**ONG SIEW ENG**

*Executive Director*

Ong Siew Eng is our Executive Director and one of our co-founders. She has been a director of Logistics Construction Pte Ltd and Apex Projects Pte Ltd since their incorporation on 25 April 1992 and 7 October 2008 respectively. Ms. Ong was appointed as a Director of our Company on 31 October 2012.

Ms. Ong oversees our Group's human resource management and administrative functions. From the incorporation of Logistics Construction Pte Ltd until August 2012, she was in charge of the finance, budgeting, human resource and administrative functions of our Group. Between 1986 to 1991, Ms. Ong was a draftsman with Logistics Renovation & Building Construction. Prior to that, she was a product analyst with Cold Storage group between 1984 to 1986.

## BOARD OF DIRECTORS



**NG KOK SENG**  
*Executive Director*

Ng Kok Seng is our Executive Director. He has been a director of Apex Projects Pte Ltd since its incorporation on 7 October 2008. Mr. Ng was appointed as a Director of our Company on 31 October 2012.

Mr. Ng is in charge of our Group's project management and worksite operations and is also involved in our Group's business development. He has more than 15 years of experience in the building construction industry. Mr. Ng joined our Group in May 1996 as a project coordinator in charge of the daily coordination of worksite progress. From August 1998 to July 1999, he was appointed as project manager where he was in charge of managing our Group's projects as well as the management and coordination of site personnel, subcontractors and suppliers. From August 1999 until Mr. Ng appointment as an Executive Director, he was our Group's general manager and was in charge of overseeing our Group's tender processes as well as its site operations.

Mr. Ng graduated with a Diploma in Building from the Singapore Polytechnic in 1992.



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

Foo Shiang Ping was appointed as our Non-Executive Director on 24 December 2012. He is also a member of both the Audit Committee and the Remuneration Committee of our Company.

Foo Shiang Ping is the founder and principal consultant of SP Corporate Advisory, a boutique corporate restructuring and mergers and acquisitions ("M&A") advisory firm based in Singapore. He has many years of corporate finance experience primarily dealing with initial public offerings, M&As, corporate restructuring transactions, as well as fund-raising activities.

Foo Shiang Ping graduated with a Bachelor of Business Economics (with distinction) from Brock University in Canada, in 1989. Currently, he is a member of the Singapore Institute of Directors. Foo Shiang Ping has been a non-executive director of 800 Super Holdings Limited which is listed on SGX-Catalist. He is currently serving as the Vice President and Treasurer of Foo Clan Association and Geylang East Home For the Aged respectively.



**CHEN TIMOTHY TECK-LENG**  
*Independent Director*

Chen Timothy Teck-Leng is our Independent Director. He was appointed as our Director on 24 December 2012. He is also the Chairman of both the Nominating Committee and Remuneration Committee and a member of the Audit Committee of our Company.

Mr. Chen has three decades of management experience in banking, insurance, international finance and corporate advisory work. He has held positions in Bank of America, Wells Fargo Bank, Bank of Nova Scotia and Sun Life Financial Inc. He was formerly the General Manager, China for Sun Life Financial Inc. and the President & CEO of Sunlife Everbright Life Insurance Company in China.

Mr. Chen currently sits on the boards of several SGX-listed companies. He has been an independent director and audit committee chairman for Yangzijiang Shipbuilding (Holdings) Ltd., Tianjin Zhongxin Pharmaceutical Group Corporation Ltd., TMC Education Corporation Ltd. and Xinren Aluminum Holdings Ltd.

Mr. Chen earned his Bachelor of Science degree from University of Tennessee and his Master of Business Administration degree from Ohio State University. He received his Certified Corporate Director (ICD.D) designation from the Canadian Institute of Corporate Directors.

## EXECUTIVE OFFICERS

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**HO CHOR YAU** is our *Financial Controller*. He joined our Group in August 2012.

Mr. Ho oversees all the financial accounting, internal controls and SGX reporting matters in our Group.

Mr Ho has more than 15 years of internal audit and broad-based financial management experience. Prior to joining our Group, he had held managerial positions in a pre-IPO company and several SGX mainboard-listed companies, where he handled financial, accounting, corporate secretarial, M&A and SGX-ST reporting matters.

Mr Ho holds a Bachelor of Arts (Hons.) in Accountancy Studies from the University of Portsmouth and a Master of Business Administration from the University of Adelaide. He is a Fellow of the Association of Chartered Certified Accountants and also a member of the Institute of Singapore Chartered Accountants, the Institute of Chartered Secretaries & Administrators and the Singapore Institute of Directors.

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**YEO GOEK NGO** is our *Accounts Executive*. She joined our Group in August 1993.

Ms. Yeo has been our Accounts Executive since August 1993 where she oversees and supervises our Group's accounts, cash flow, financial reporting and project reporting matters including setting up and implementing the account system in our Group and consolidating project reports and financial reports of our Group.

Immediately prior to joining our Group, from March 1985 to August 1993, Ms. Yeo was self-employed providing accounting and related services where she was responsible for preparing and consolidating of financial reports and assisting in setting up accounting control system as per customer's request. Between October 1979 and March 1985, she was the assistant accountant of Tylon (Singapore) Pte Ltd where she supervised the accounting team and was in charge of the budget control and other financial matters. Between August 1974 and June 1979, Ms. Yeo was the cost account executive of a Japanese company with business operations in Singapore where she was involved in the costing control and management of the company. Between February 1971 and June 1974, she was an accounts clerk at a local construction company where she was in charge of the maintenance of full set of accounts in terms of accounts receivables, payables, profit and loss statement and balance sheet preparation.

Ms. Yeo graduates with a Diploma in Life Insurance from Singapore College of Insurance in 1996. Prior to that, she attended an extension course on Management Accounting and Corporate Planning at National University of Singapore in 1980 and a Costing certificate and an Accounting (higher stage certificate) certificate from The London Chamber of Commerce and Industry (Commercial Education Scheme) in 1975 and 1974 respectively.

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**TEE CHEN CHUAN** is our *Deputy Project Director*. He joined our Group in August 2007 as a Project Manager and has over 12 years of experience in this industry. In his capacity as Project Manager with our Group, Mr. Tee has delivered projects to a variety of property forms that have included, high rise residential, commercial, industrial and institutional buildings.

Mr. Tee's leadership, direction and team building qualities, combined with his varied experience with a variety of clients, consultants and trade contractors makes him an invaluable team member of our Group. Mr. Tee is currently in charge of overseeing and managing the projects undertaken by our Group, including project planning, job site management and quality supervision as well as project delivery. Prior to joining our Group, he was an assistant construction manager at ISGAsia (M) Sdn. Bhd. from September 2005 to August 2007. From October 2003 to September 2005, he was a project engineer with Total Teamwork Sdn. Bhd. and from June 2002 to October 2003, he was a project coordinator with Fullscan Engineering Sdn. Bhd..

Mr Tee graduated from the University of Technology Malaysia with a Bachelor of Engineering in 2002.

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**LOY YAN RU** is our *Administration and Human Resources Manager*. She joined our Group in May 2009.

Ms. Loy has been the human resources manager of both our subsidiaries, namely Logistics Construction and Apex Projects since May 2009. She oversees our Group's human resource management and administration matters, including recruitment, staff remuneration and staff insurance matters. In addition, Ms. Loy is also involved in the dealing with feedback from the public in relation to certain upgrading and home improvement projects undertaken by our Group.

Ms. Loy graduated with a Bachelor of Science (Real Estate) degree from National University of Singapore in 2008.

# CORPORATE STRUCTURE



<sup>1</sup> Incorporated on 27 August 2013 in Malaysia and became a subsidiary of Logistics Investment Pte Ltd on 16 July 2014

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

PAO KIEW TEE  
*(Non-Executive Chairman and  
Independent Director)*

PHUA LAM SOON  
*(Chief Executive Officer)*

ONG SIEW ENG  
*(Executive Director)*

NG KOK SENG  
*(Executive Director)*

FOO SHIANG PING  
*(Non-Executive Director)*

CHEN TIMOTHY TECK-LENG  
*(Independent Director)*

## AUDIT COMMITTEE

PAO KIEW TEE  
*(Chairman)*

CHEN TIMOTHY TECK-LENG  
*(Member)*

FOO SHIANG PING  
*(Member)*

## NOMINATING COMMITTEE

CHEN TIMOTHY TECK-LENG  
*(Chairman)*

PAO KIEW TEE  
*(Member)*

PHUA LAM SOON  
*(Member)*

## REMUNERATION COMMITTEE

CHEN TIMOTHY TECK-LENG  
*(Chairman)*

PAO KIEW TEE  
*(Member)*

FOO SHIANG PING  
*(Member)*

## JOINT COMPANY SECRETARIES

Ong Wei Jin (LL.B. (Hons))  
Goh Pei Shan (LL.B. (Hons))

## REGISTERED OFFICE

24 Kranji Road  
Singapore 739465  
Tel: +65 6891 0831  
Fax: +65 6891 0835

## SHARE REGISTRAR

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

## SPONSOR

PrimePartners Corporate Finance  
Pte. Ltd.  
16 Collyer Quay #10-00  
Income at Raffles  
Singapore 049318

## INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation  
Public Accountants and Chartered  
Accountants  
100 Beach Road #30-00  
Shaw Tower  
Singapore 189702  
Director-in-charge  
Philip Tan Jing Choon  
(Appointed since the financial year  
ended 30 June 2013)

## PRINCIPAL BANKERS

### Oversea-Chinese Banking Corporation Limited

65 Chulia Street  
OCBC Centre  
Singapore 049513

### United Overseas Bank Limited

80 Raffles Place  
UOB Plaza 1  
Singapore 048624

### RHB Bank Berhad

RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur, Malaysia

### Standard Chartered Bank

Standard Chartered Bank  
8 Marina Boulevard  
Marina Bay Financial Centre Tower 1  
Level 27  
Singapore 018981

### Malayan Banking Berhad

2 Battery Road  
Maybank Tower  
Singapore 049907

### Hong Leong Finance Limited

16 Raffles Quay #01-05  
Hong Leong Building  
Singapore 048581

## INTERNAL AUDITOR

KPMG Services Pte Ltd  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

## INVESTOR & MEDIA RELATIONS

Financial PR Pte Ltd  
4 Robinson Road #04-01  
The House of Eden  
Singapore 048543  
Tel: +65 6438 2990  
Fax: +65 6438 0064

# FINANCIAL HIGHLIGHTS

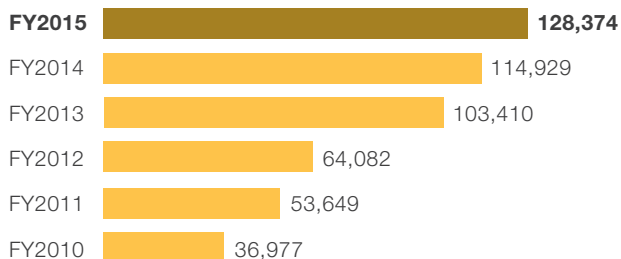
## LOGISTICS HOLDINGS LIMITED & ITS SUBSIDIARIES

S\$'000	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue	36,977	53,649	64,082	103,410	114,929	128,374
Gross profit	4,230	3,998	8,198	10,100	10,300	10,776
Profit before tax	2,505	1,789	6,185	6,465	5,204	4,222
Profit after tax	2,151	1,511	5,137	5,238	4,900	3,737
Profit attributable to equity holders of the Company	2,137	1,543	5,117	5,238	4,953	4,239
Earnings per share (Singapore cents) <sup>1</sup>	1.26	0.91	3.01	3.08	2.91	2.49
Total assets	10,428	24,842	25,213	46,076	58,225	88,709
Equity attributable to equity holders of the Company	4,854	7,497	8,814	20,434	23,685	26,251
Net asset value per share (Singapore cents) <sup>2</sup>	3.57	5.51	6.48	12.02	14.06	15.27

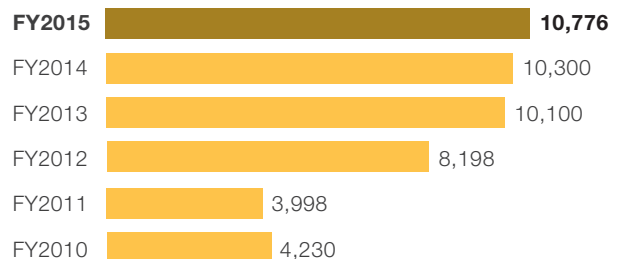
<sup>1</sup> For illustrative and comparative purposes, the earnings per share was computed based on the profit attributable to equity holders of the Company and issued share capital of 170,000,000 shares post the Company's IPO in January 2013.

<sup>2</sup> The net asset value per ordinary share for FY2010 to FY2012 is computed based on the pre-IPO share capital of the Company of 136,000,000 shares and the net asset value per ordinary share for FY2013 through FY2015 is computed based on the post-IPO share capital of the Company of 170,000,000 shares.

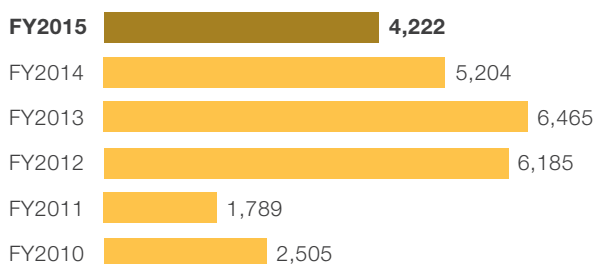
### REVENUE (S\$'000)



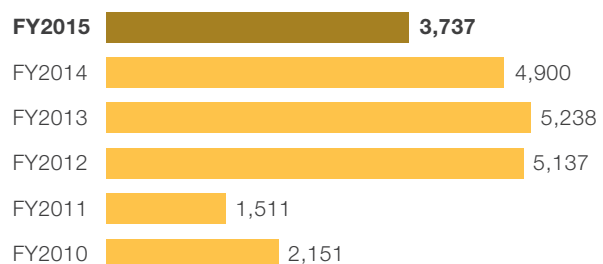
### GROSS PROFIT (S\$'000)



### PROFIT BEFORE TAX (S\$'000)



### PROFIT AFTER TAX (S\$'000)



# OPERATING AND FINANCIAL REVIEW

## OPERATING REVIEW

During the financial year ended 30 June 2015 (“FY2015”) under review, we secured 3 major public sector projects amounting to a total of S\$93.8 million as described below:–

(A) **Building, Turfing, and Planting Maintenance Works, Additions & Alterations Works (“A&A”) and Repair & Redecoration Works (“R&R”) (the “Term Contracts”)**

The Term Contracts involve the provision of building, turfing and planting maintenance works, A&A works and R&R works to three groups of schools.

The contract period of the three contracts is four years starting from 1 September 2014.

(B) **A&A Works Covering the Erection of a 6-Storey Classroom Block and an Indoor Sports Hall (the “School Project”)**

The School Project involves the proposed A&A works covering the erection of a 6-storey classroom block and an indoor sports hall of a Primary School located in Choa Chu Kang.

Works, scheduled to be completed in six phases, has commenced on 10 December 2014 and are expected to complete in 27 months by 9 March 2017.

(C) **A&A Works for 6 Conserved Buildings and Infrastructure Works at Seletar Aerospace Park (the “Seletar Project”)**

The Seletar Project involves A&A works to six existing conserved buildings and infrastructure works at the Seletar Aerospace Park.

The construction work is scheduled to commence on 22 June 2015 and is expected to complete by 21 March 2016.

Taking into account our projects secured to-date, our building and construction business is expected to be sustained through the next 12 months.

The Group’s precast manufacturing plant in Johor, Malaysia started production in January 2015. Once the operations at the plant reach a more mature level, we believe that it will enable us to achieve operational productivity and cost efficiency.

In Singapore, the Group’s residential property development business, for the freehold site in Paya Lebar Crescent, has completed the piling works and has entered into the initial construction phase. In Malaysia, the Group’s industrial property development business, for a plot of freehold industrial land

(approximately 1.24 million square feet) to build medium industrial factories, has received all the necessary governmental approval and we have begun the earthworks. We are pleased that both our development properties in Singapore and Malaysia are proceeding according to schedule.

In view of our current developments, we are positive about the outlook for the Group.

## FINANCIAL REVIEW

### INCOME STATEMENT

#### REVENUE

Our revenue increased by approximately S\$13.5 million or 11.7% from S\$114.9 million in FY2014 to S\$128.4 million in FY2015. The increase in revenue was mainly due to higher revenue contribution for a new project and on-going projects that commenced in the later part of FY2014. These projects include, among others, revenue from construction works relating to alteration and addition works, new building works, home improvement program works, design and build of upgrading projects and term contract works.

#### COSTS OF WORKS

Our costs of works increased by approximately S\$13.0 million or 12.4% from approximately S\$104.6 million in FY2014 to approximately S\$117.6 million in FY2015. The increase in cost of works was mainly attributable to higher material costs incurred for our new-build projects and precast manufacturing.

#### GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased by S\$0.5 million or 4.6% from S\$10.3 million in FY2014 to S\$10.8 million in FY2015. However, our gross profit margin registered a marginal decrease of approximately 0.6% from approximately 9.0% in FY2014 to approximately 8.4% in FY2015 due to higher costs incurred for certain projects.

#### OTHER INCOME

Our other income increased by approximately S\$1.1 million or 88.6%, from approximately S\$1.2 million in FY2014 to approximately S\$2.3 million in FY2015. The increase was contributed by our dormitory income of approximately S\$1.2 million (the dormitory was operational since January 2014), offset by a decrease in equipment handling income of approximately S\$0.1 million.

#### OTHER LOSSES – EXCHANGE TRANSLATION DIFFERENCES, NET

The exchange losses of S\$0.3 million in FY2015 were due to translation differences at our Malaysian entities resulting from weakening of the Malaysian ringgit against the Singapore dollar.

## OPERATING AND FINANCIAL REVIEW

### DISTRIBUTION AND MARKETING EXPENSES

Distribution and marketing expenses increased by approximately S\$0.3 million or 237.1%, from approximately S\$0.1 million in FY2014 to approximately S\$0.4 million in FY2015, mainly due to delivery charges at our precast plant, which commenced production in January 2015.

### ADMINISTRATIVE EXPENSES

Our administrative expenses increased by approximately S\$1.8 million or approximately 29.4% from approximately S\$6.2 million in FY2014 to S\$8.0 million in FY2015. The increase was mainly due to higher: (i) payroll expenses of approximately S\$0.6 million mainly as a result of increased headcount mainly at our precast plant and salary adjustments within the Group, (ii) depreciation of approximately S\$0.4 million for our workers dormitory, (iii) rental for our precast plant of approximately S\$0.1 million, (iv) repair and maintenance of approximately S\$0.5 million for our workers dormitory and (v) utilities, telecommunications, foreign workers levy and donations of approximately S\$0.2 million.

### FINANCE EXPENSES

The finance costs increased by approximately S\$120,000 or 461.5%, from approximately S\$26,000 in FY2014 to approximately S\$146,000 in FY2015 mainly due to interest paid on term loan and revolving credit facilities that were drawn down during the year to finance our precast plant and for working capital respectively.

### INCOME TAX EXPENSE

The overall effective tax rate was 11.5% and 5.8% for FY2015 and FY2014 respectively. The Singapore statutory corporate tax rate for both years of assessment remained at 17.0%. The decrease in our effective tax rate for FY2015 and FY2014 was mainly due to the utilisation of government tax incentives.

### NET PROFIT

As a result of the above, our net profit decreased by approximately S\$1.2 million or approximately 23.7% from approximately S\$4.9 million in FY2014 to S\$3.7 million in FY2015.

## STATEMENT OF FINANCIAL POSITION

### CURRENT ASSETS

The Group's current assets increased by approximately S\$29.0 million or 56.0% from approximately S\$51.7 million as at 30 June 2014 to approximately S\$80.7 million as at 30 June 2015, mainly due to capitalisation of costs for our development properties in Singapore and Malaysia of approximately S\$17.7 million, increase in inventories at our precast plant of approximately S\$1.0 million and increase in trade and other receivables of approximately S\$14.5 million, offset by decrease in cash and cash equivalents of approximately S\$4.3 million.



### DEVELOPMENT PROPERTIES

The development properties are in relation to the acquisition and capitalisation of the related costs, for our freehold residential development at 21 Paya Lebar Crescent and a plot of freehold industrial land located at Senai Industrial Park, during FY2015.

### CONSTRUCTION CONTRACT WORK-IN-PROGRESS

The construction contract work-in-progress decreased by approximately S\$0.1 million from approximately S\$0.2 million as at 30 June 2014 to approximately S\$0.1 million as at 30 June 2015, mainly due to decrease in unused materials and advanced payments for services in relation to a project.

### TRADE AND OTHER RECEIVABLES

The increase in trade and other receivables was mainly due to higher amount due from contract customers of approximately S\$15.5 million resulting from higher unbilled amounts for project works (including variation orders) performed until 30 June 2015 as the progress billings were only issued after 30 June 2015 upon receiving the relevant completion certificates and increase in project retention sum of approximately S\$1.0 million, offset by lower trade receivables of approximately S\$2.0 million due to higher unbilled amounts for the Group's projects.

### OTHER CURRENT ASSETS

The increase in other current assets of approximately S\$0.2 million was mainly due more deposits and prepaid expenses as at 30 June 2015.

### NON-CURRENT ASSETS

Non-current assets increased by approximately S\$1.5 million or 23.5% from approximately S\$6.5 million as at 30 June 2014 to approximately S\$8.0 million as at 30 June 2015. The increase was mainly attributable to the set-up of our precast plant of approximately S\$2.2 million and construction equipment of approximately S\$0.3 million, offset by higher depreciation expenses for our dormitory and machinery S\$1.0 million.





#### CURRENT LIABILITIES

The Group's current liabilities increased by approximately S\$16.2 million or 73.5% from approximately S\$22.0 million as at 30 June 2014 to approximately S\$38.2 million as at 30 June 2015, due to the increase in borrowings of approximately S\$4.9 million, increase in trade and other payables of approximately S\$11.4 million, offset by a decrease in income tax liabilities of approximately S\$0.1 million.

#### TRADE AND OTHER PAYABLES

The increase in trade and other payables was mainly due to the increase in trade payables of approximately S\$7.8 million resulting from slower payment to supplier and sub-contractors, increase in payables to non-controlling interests of approximately S\$0.2 million and higher accrued operating expenses of approximately S\$3.3 million as cost of works incurred were not yet billed by subcontractors as at 30 June 2015 and these costs were accounted for as part of accrued operating expenses.

#### SHORT-TERM BORROWINGS

The increase in short-term bank borrowings was used to fund our precast manufacturing plant in Malaysia and for the Group's general working capital purposes.

#### CURRENT INCOME TAX LIABILITIES

The decrease in current tax liabilities of S\$0.1 million was due to lower taxable profits from the utilisation of government tax incentive scheme.

#### NON-CURRENT LIABILITIES

The increase in non-current liabilities of approximately S\$12.2 million was mainly due to bank borrowings to finance the development properties in Singapore and Malaysia.

#### STATEMENT OF CASH FLOWS

##### CASH FLOWS FOR OPERATING ACTIVITIES

In FY2015, net cash used in operating activities was approximately S\$16.0 million. This was mainly due to operating cash inflows before working capital changes of approximately S\$6.2 million, adjusted for net working capital outflows of approximately S\$21.8 million and income tax paid of approximately S\$0.4 million. The net working capital outflows was mainly due to increase in trade and other receivables of approximately S\$14.5 million, increase in development properties of approximately S\$17.7 million and increase in inventories of approximately S\$1.0 million, offset by an increase in trade and other payables of approximately S\$11.4 million.

##### CASH FLOWS FOR INVESTING ACTIVITIES

Net cash used in investing activities during FY2015 was approximately S\$3.6 million, mainly due to additions to property, plant and equipment.

##### CASH FLOWS FOR FINANCING ACTIVITIES

Net cash provided by financing activities during FY2015 was approximately S\$15.3 million, mainly due to proceeds from bank borrowings of approximately S\$17.9 million for working capital purposes and to finance our precast plant and development properties in Singapore and Malaysia, offset by dividend payment of approximately S\$1.4 million, repayment of bank borrowings and finance leases of approximately S\$0.7 million and S\$0.4 million respectively and interest paid on our borrowings of approximately S\$0.1 million.

##### CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2015

As a result of the above, cash and cash equivalents stood at approximately S\$5.6 million as at 30 June 2015, representing a decrease of approximately S\$4.3 million from approximately S\$9.9 million as at 30 June 2014.



# FINANCIAL CONTENTS

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# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Logistics Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders.

This report below describes the corporate governance framework and practices of the Company for the financial year ended 30 June 2015 (“**FY2015**”) with reference to the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.

## BOARD MATTERS

### The Board’s Conduct of Affairs

1.1	What is the role of the Board?	<p>The Board has 6 members and comprises the following:</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 1.1 – Composition of the Board</b></th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Pao Kiew Tee</td> <td>Non-Executive Chairman and Independent Director</td> </tr> <tr> <td>Phua Lam Soon</td> <td>Chief Executive Officer (“<b>CEO</b>”)</td> </tr> <tr> <td>Ong Siew Eng</td> <td>Executive Director</td> </tr> <tr> <td>Ng Kok Seng</td> <td>Executive Director</td> </tr> <tr> <td>Foo Shiang Ping</td> <td>Non-Executive Director</td> </tr> <tr> <td>Chen Timothy Teck-Leng</td> <td>Independent Director</td> </tr> </tbody> </table>	<b>Table 1.1 – Composition of the Board</b>		Name of Director	Designation	Pao Kiew Tee	Non-Executive Chairman and Independent Director	Phua Lam Soon	Chief Executive Officer (“ <b>CEO</b> ”)	Ong Siew Eng	Executive Director	Ng Kok Seng	Executive Director	Foo Shiang Ping	Non-Executive Director	Chen Timothy Teck-Leng	Independent Director
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Ong Siew Eng	Executive Director																	
Ng Kok Seng	Executive Director																	
Foo Shiang Ping	Non-Executive Director																	
Chen Timothy Teck-Leng	Independent Director																	

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises the Management. To fulfill this role, the Board sets the Group's strategic direction, establishes goals for the Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.</p> <p>Apart from its statutory responsibilities, the principal functions of the Board encompass the following:</p> <ul style="list-style-type: none"> <li>• Providing stewardship to the Company including charting its corporate strategies and business plans;</li> <li>• Ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;</li> <li>• Authorizing and monitoring major investment and strategic commitments;</li> <li>• Reviewing and assessing the performance of the Management (comprising executive directors ("<b>Executive Directors</b>") and key management personnel of the Company);</li> <li>• Overseeing the evaluation of the adequacy of internal controls, addressing risk management, financial reporting and compliance, and satisfying itself as to the sufficiency of such processes;</li> <li>• Establishing a framework for effective control, including the safeguarding of shareholders' interests and the Company's assets;</li> <li>• Providing guidance and advice to Management;</li> <li>• Being responsible for good corporate governance;</li> <li>• Considering sustainability issues, including environmental and social factors, as part of the Company's strategic formulation;</li> <li>• Identifying key stakeholder groups of the Company and recognizing that their perceptions affect the Company's reputation; and</li> <li>• Setting the Company's values and standards, including ethical standards, and ensuring that the obligations to its shareholders and other stakeholders are understood and met.</li> </ul> <p>All directors are expected to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																													
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). Upon its establishment, the Board Committees operate within clearly defined terms of reference and operating procedures, which would be reviewed on a regular basis. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings. The compositions of the Board Committees are as follows:</p> <table border="1"> <caption><b>Table 1.3 – Composition of the Board Committees</b></caption> <thead> <tr> <th></th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Pao Kiew Tee</td> <td>Chen Timothy Teck-Leng</td> <td>Chen Timothy Teck-Leng</td> </tr> <tr> <td>Member</td> <td>Chen Timothy Teck-Leng</td> <td>Pao Kiew Tee</td> <td>Pao Kiew Tee</td> </tr> <tr> <td>Member</td> <td>Foo Shiang Ping</td> <td>Phua Lam Soon</td> <td>Foo Shiang Ping</td> </tr> </tbody> </table>		AC	NC	RC	Chairman	Pao Kiew Tee	Chen Timothy Teck-Leng	Chen Timothy Teck-Leng	Member	Chen Timothy Teck-Leng	Pao Kiew Tee	Pao Kiew Tee	Member	Foo Shiang Ping	Phua Lam Soon	Foo Shiang Ping																													
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Member	Foo Shiang Ping	Phua Lam Soon	Foo Shiang Ping																																												
1.4	Have the Board and Board Committees met in the last financial year?	<p>The Board meets on a quarterly basis, and as and when circumstances require. In FY2015, the number of Board and Board Committee meetings held and the attendance of each Board member are shown below.</p> <table border="1"> <caption><b>Table 1.4 – Board and Board Committee Meetings in FY2015</b></caption> <thead> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td><b>No. of meetings held in FY2015</b></td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> <tr> <td><b>Directors</b></td> <td colspan="4"><b>Number of meetings attended in FY2015</b></td> </tr> <tr> <td>Pao Kiew Tee</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> <tr> <td>Phua Lam Soon</td> <td>4</td> <td>4<sup>(1)</sup></td> <td>1</td> <td>2<sup>(1)</sup></td> </tr> <tr> <td>Ong Siew Eng</td> <td>4</td> <td>4<sup>(1)</sup></td> <td>1<sup>(1)</sup></td> <td>2<sup>(1)</sup></td> </tr> <tr> <td>Ng Kok Seng</td> <td>4</td> <td>4<sup>(1)</sup></td> <td>1<sup>(1)</sup></td> <td>2<sup>(1)</sup></td> </tr> <tr> <td>Foo Shiang Ping</td> <td>4</td> <td>4</td> <td>1<sup>(1)</sup></td> <td>2</td> </tr> <tr> <td>Chen Timothy Teck-Leng</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> </tbody> </table> <p><b>Note:</b> (1) Attendance by invitation.</p> <p>The Board conducts regularly scheduled meetings. In between the scheduled meetings, the Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. To facilitate the attendance and participation of Directors at Board meetings, the Company's Articles of Association permit the Directors of the Company to attend meetings through the use of audio-visual communication equipment.</p>		Board	AC	NC	RC	<b>No. of meetings held in FY2015</b>	4	4	1	2	<b>Directors</b>	<b>Number of meetings attended in FY2015</b>				Pao Kiew Tee	4	4	1	2	Phua Lam Soon	4	4 <sup>(1)</sup>	1	2 <sup>(1)</sup>	Ong Siew Eng	4	4 <sup>(1)</sup>	1 <sup>(1)</sup>	2 <sup>(1)</sup>	Ng Kok Seng	4	4 <sup>(1)</sup>	1 <sup>(1)</sup>	2 <sup>(1)</sup>	Foo Shiang Ping	4	4	1 <sup>(1)</sup>	2	Chen Timothy Teck-Leng	4	4	1	2
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# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.5	What are the types of material transactions which require approval from the Board?	The Board's approval is required on matters such as major funding proposals, investment and divestment proposals, major acquisitions and disposals, corporate or financial restructuring, mergers and acquisitions, share issuance and dividends, acceptance of bank facilities, release of the Group's half-yearly and full year results announcements and interested person transactions of a material nature.
1.6	(a) Are new Directors given formal training? If not, please explain why.	<p>The Board ensures that incoming newly appointed Directors will be given an orientation on the Group's business activities, strategic direction, policies and governance practices to facilitate the effective discharge of their duties. Newly appointed Directors will also be provided with a formal letter setting out their duties and obligations.</p> <p>The Company will also provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge as appropriate. The Directors have been given briefings by the Management on the Group's business activities and its strategic directions to facilitate the effective discharge of their duties. The Management will monitor new laws, regulations and commercial developments and will keep the Board informed accordingly. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts. Where necessary, the Company will also arrange for the Directors to attend any training programmes in connection with their duties as Directors.</p>
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	<p>Briefings, updates and trainings for Directors in FY2015 include the following:</p> <ul style="list-style-type: none"> <li>• The external auditors, Nexia TS Public Accounting Corporation ("<b>Nexia TS</b>"), briefed the AC on changes or amendments to accounting standards;</li> <li>• The internal auditors, KPMG Services Pte Ltd, circulated the KPMG's Audit Committee Institute (ACI) Practice Note to inform AC members of the key changes in the Guidebook for Audit Committees in Singapore. This 2nd edition of the Guidebook incorporates changes arising from the Code of Corporate Governance in Singapore, which was revised in May 2012; and</li> <li>• Mr Foo Shiang Ping, our Non-Executive Director, has attended the course "Real Estate Finance &amp; Securitisation" organised by the National University of Singapore.</li> </ul>
<b>BOARD MATTERS</b>		
<b>Board Composition and Guidance</b>		
2.1 2.2 2.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Company endeavours to maintain a strong and independent element on the Board. Two (2) of the Company's Directors are independent, thereby fulfilling the Code's requirement that at least one-third of the Board should comprise Independent Directors.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	<p>The Independent Directors have confirmed their independence in accordance with the Code.</p> <p>The NC has also reviewed and is of the view that the two (2) Independent Directors are independent in accordance with the definition of independence in the Code.</p> <p>The independence of each Director will be reviewed annually by the NC in accordance with the definition of independence in the Code.</p>
	<p>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																											
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	There are no Independent Directors who has served on the Board beyond nine (9) years from the date of his first appointment.																											
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.																											
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1"> <thead> <tr> <th colspan="3"><i>Table 2.6 – Balance and Diversity of the Board</i></th> </tr> <tr> <th></th> <th>Number of Directors</th> <th>Proportion of Board</th> </tr> </thead> <tbody> <tr> <td><b>Core Competencies</b></td> <td></td> <td></td> </tr> <tr> <td>Accounting or finance</td> <td>3</td> <td>50%</td> </tr> <tr> <td>Business management</td> <td>3</td> <td>50%</td> </tr> <tr> <td>Legal or corporate governance</td> <td>3</td> <td>50%</td> </tr> <tr> <td>Relevant industry knowledge or experience</td> <td>4</td> <td>67%</td> </tr> <tr> <td>Strategic planning experience</td> <td>4</td> <td>67%</td> </tr> <tr> <td>Customer based experience or knowledge</td> <td>4</td> <td>67%</td> </tr> </tbody> </table>	<i>Table 2.6 – Balance and Diversity of the Board</i>				Number of Directors	Proportion of Board	<b>Core Competencies</b>			Accounting or finance	3	50%	Business management	3	50%	Legal or corporate governance	3	50%	Relevant industry knowledge or experience	4	67%	Strategic planning experience	4	67%	Customer based experience or knowledge	4	67%
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Strategic planning experience	4	67%																											
Customer based experience or knowledge	4	67%																											
(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC has reviewed and is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and capabilities required for the Board to be effective.</p> <p>The NC also takes into consideration the results of the abovementioned evaluation exercise in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>																												



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Chairman and Chief Executive Officer</b>		
3.1	Are the duties between Chairman and CEO segregated?	<p>The roles of the Chairman and CEO are separate to ensure a clear division of their responsibilities, an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.</p> <p>Mr Pao Kiew Tee is the Non-Executive Chairman (the “<b>Chairman</b>”) and an Independent Director of the Company, and is responsible for the workings of the Board to ensure the effectiveness and integrity of the governance process.</p> <p>Mr Phua Lam Soon is the CEO of the Company, and is responsible for the business and operational decision of the Group.</p> <p>The CEO works with the Board to determine the strategy for the Group and is responsible for the Group’s business performance. The CEO also works with the Management of the Group to ensure that the Management operates in accordance with the strategic and operational objectives of the Group.</p> <p>The Chairman leads the Board to ensure its effectiveness on all aspects of its role. He approves the agendas for the Board and the agendas for Board Committees are approved by the Chairman together with the respective chairpersons of the Board Committees. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board, the Management and shareholders of the Company. He encourages interactions between the Board and Management, as well as between the Executive and Non-Executive Directors. The Chairman also takes a leading role in ensuring the Company’s compliance with corporate governance guidelines.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
3.4	Have the Independent Directors met in the absence of key management personnel?	<p>The Independent Directors and Non-Executive Director have met in the absence of key management personnel at least once in FY2015.</p> <p>The Independent Directors and Non-Executive Director effectively check on Management by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Independent Directors and Non-Executive Director may meet regularly on their own as warranted without the presence of Management.</p>
<b>Board Membership</b>		
4.1	What are the duties of the NC?	<p>The Company has constituted the NC to, among other things, make recommendations to the Board on all Board appointments and oversee the Company's succession and leadership development plans.</p> <p>The primary function of the NC is to determine the criteria for identifying candidates, review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. The NC has adopted written terms of reference defining its membership, administration and duties, which includes, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>(a) to make recommendations to the Board on all Board appointments and re-nomination having regard to the Director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);</li> <li>(b) to ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;</li> <li>(c) to determine annually whether a Director is independent, in accordance with the guidelines contained in the Code;</li> <li>(d) to decide whether a Director is able to and has adequately carried out his duties as a director of the Company, in particular, where the Director has multiple board representations;</li> <li>(e) to review and approve any new employment of related persons and the proposed terms of their employment;</li> <li>(f) put in place and review Board succession plans for the Directors, and in particular, for the Chairman of the Board and the chief executive officer of the Company; and</li> <li>(g) to decide how the Board's performance may be evaluated and to propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long term shareholders' value.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	<p>The Board has set the maximum number of listed company board representations at 8.</p> <p>Having assessed the capacity of the Directors based on factors disclosed in Section 4.4(c) below, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, hence ultimately benefitting the Company.</p>
	(b) If a maximum has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	<p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors;</li> <li>• Size and composition of the Board; and</li> <li>• Nature and scope of the Group's operations and size.</li> </ul>
	(d) Have the Directors adequately discharged their duties?	The NC is of the view that all Directors had adequately carried out their duties as Directors of the Company, taking into consideration the number of listed company board representations and other principal commitments that some of the Directors hold.
4.5	Are there alternate Directors?	As at the date of this report, there are no alternate directors appointed in the Company.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>There is a formal and transparent process for the appointment of new Directors to the Board.</p> <p>The NC reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. The NC has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.</p> <p>The nomination and selection process of a new Director begins with the NC identifying the needs in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board. The NC then prepares a description of the role and the desirable competencies for a particular appointment. If required, the NC may engage professional search firms to undertake research on, or assess candidates for the new position, and will also give due consideration to candidates identified by substantial shareholders, Board members and Management. The NC will then meet with the short-listed candidates to assess their suitability. Where a candidate has been endorsed by the NC, it will then make a recommendation to the Board for approval.</p> <p>The NC makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.</p> <p>All Directors are subject to the provisions of Article 107 of the Company's Articles of Association whereby one-third of the Directors are required to retire and subject themselves to re-election by the shareholders at each annual general meeting ("<b>AGM</b>"), and each Director is required to subject himself for re-nomination and re-election at least once every three (3) years. In addition, any new Director appointed during the year either to fill a casual vacancy or as an addition to the Board will have to retire at the annual general meeting following his appointment, and is eligible for re-election if he/she so desires.</p> <p>The NC, with the respective member who is interested in the discussion having abstained from the deliberations, has recommended to the Board that Mr Chen Timothy Teck-Leng and Mr Pao Kiew Tee be nominated for re-appointment at the forthcoming AGM of the Company. Mr Chen Timothy Teck-Leng will, upon re-election as a Director, remain as an Independent Director, the Chairman of the NC and the RC and a member of the AC. Mr Pao Kiew Tee will, upon re-election as a Director, remain as the Non-Executive Chairman and Independent Director, the Chairman of the AC and a member of the NC and the RC. Mr Chen Timothy Teck-Leng and Mr Pao Kiew Tee will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "<b>Catalist Rules</b>"). In making this recommendation, the NC has considered the Directors' overall contribution and performance.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																									
4.7	Please provide Directors' key information.	<p>The key information of the Directors, including their appointment dates, present directorships and those held in other listed companies over the past 3 years, are set out in the section "Board of Directors" of this Annual Report and below:</p> <table border="1" data-bbox="576 658 1431 1872"> <thead> <tr> <th data-bbox="576 658 804 801" rowspan="2">Name of Director</th> <th data-bbox="809 658 995 801" rowspan="2">Date of initial Appointment</th> <th data-bbox="1000 658 1161 801" rowspan="2">Date of last re-election</th> <th colspan="2" data-bbox="1166 658 1431 730">Directorships in other listed companies</th> </tr> <tr> <th data-bbox="1166 736 1321 801">Current</th> <th data-bbox="1326 736 1431 801">Past 3 Years<sup>(1)</sup></th> </tr> </thead> <tbody> <tr> <td data-bbox="576 808 804 1093">Pao Kiew Tee</td> <td data-bbox="809 808 995 1093">24 December 2012</td> <td data-bbox="1000 808 1161 1093">Nil</td> <td data-bbox="1166 808 1321 1093">Imperium Crown Limited  Jubilee Industries Holdings Ltd  Mary Chia Holdings Limited</td> <td data-bbox="1326 808 1431 1093">Nil</td> </tr> <tr> <td data-bbox="576 1099 804 1137">Phua Lam Soon</td> <td data-bbox="809 1099 995 1137">5 October 2012</td> <td data-bbox="1000 1099 1161 1137">30 October 2013</td> <td data-bbox="1166 1099 1321 1137">Nil</td> <td data-bbox="1326 1099 1431 1137">Nil</td> </tr> <tr> <td data-bbox="576 1144 804 1182">Ong Siew Eng</td> <td data-bbox="809 1144 995 1182">31 October 2012</td> <td data-bbox="1000 1144 1161 1182">29 October 2014</td> <td data-bbox="1166 1144 1321 1182">Nil</td> <td data-bbox="1326 1144 1431 1182">Nil</td> </tr> <tr> <td data-bbox="576 1189 804 1227">Ng Kok Seng</td> <td data-bbox="809 1189 995 1227">31 October 2012</td> <td data-bbox="1000 1189 1161 1227">30 October 2013</td> <td data-bbox="1166 1189 1321 1227">Nil</td> <td data-bbox="1326 1189 1431 1227">Nil</td> </tr> <tr> <td data-bbox="576 1234 804 1317">Foo Shiang Ping</td> <td data-bbox="809 1234 995 1317">24 December 2012</td> <td data-bbox="1000 1234 1161 1317">29 October 2014</td> <td data-bbox="1166 1234 1321 1317">800 Super Holdings Limited</td> <td data-bbox="1326 1234 1431 1317">Nil</td> </tr> <tr> <td data-bbox="576 1323 804 1865">Chen Timothy Teck-Leng</td> <td data-bbox="809 1323 995 1865">24 December 2012</td> <td data-bbox="1000 1323 1161 1865">Nil</td> <td data-bbox="1166 1323 1321 1865">TMC Education Corporation Ltd  Xinren Aluminium Holdings Limited  Yangzijiang Shipbuilding (Holdings) Ltd.  Tianjin Zhong Xin Pharmaceutical Group Corporation Limited</td> <td data-bbox="1326 1323 1431 1865">Hu An Cable Holdings Ltd</td> </tr> </tbody> </table> <p data-bbox="576 1912 1437 1980"><b>Note:</b> (1) Refers to directorships in other listed companies held in the past 3 years but no longer holding.</p>					Name of Director	Date of initial Appointment	Date of last re-election	Directorships in other listed companies		Current	Past 3 Years <sup>(1)</sup>	Pao Kiew Tee	24 December 2012	Nil	Imperium Crown Limited  Jubilee Industries Holdings Ltd  Mary Chia Holdings Limited	Nil	Phua Lam Soon	5 October 2012	30 October 2013	Nil	Nil	Ong Siew Eng	31 October 2012	29 October 2014	Nil	Nil	Ng Kok Seng	31 October 2012	30 October 2013	Nil	Nil	Foo Shiang Ping	24 December 2012	29 October 2014	800 Super Holdings Limited	Nil	Chen Timothy Teck-Leng	24 December 2012	Nil	TMC Education Corporation Ltd  Xinren Aluminium Holdings Limited  Yangzijiang Shipbuilding (Holdings) Ltd.  Tianjin Zhong Xin Pharmaceutical Group Corporation Limited	Hu An Cable Holdings Ltd
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# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation									
<b>Board Performance</b>											
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>The NC is guided by its terms of reference which set out its responsibility for assessing the Board's effectiveness as a whole and the contribution from each individual Director, including the Chairman of the Board, to the effectiveness of the Board. The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Group's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.</p> <p>In assessing the effectiveness of the Board, the NC considers a number of factors, including the discharge of the Board's functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management. The NC's focus in the assessment of the Board's effectiveness is on its ability to provide supervisory and oversight.</p> <p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and for assessing the contribution by each Director to the effectiveness of the Board:</p> <table border="1"> <caption><b>Table 5</b></caption> <thead> <tr> <th>Performance Criteria</th> <th>Board</th> <th>Individual Directors</th> </tr> </thead> <tbody> <tr> <td><b>Qualitative</b></td> <td> <ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Strategic planning</li> <li>5. Board accountability</li> </ol> </td> <td> <ol style="list-style-type: none"> <li>1. Adequacy of preparation for Board and Committee meetings</li> <li>2. Contributions to specialist areas and generation of constructive debate</li> <li>3. Maintenance of independence (where applicable)</li> </ol> </td> </tr> <tr> <td><b>Quantitative</b></td> <td> <ol style="list-style-type: none"> <li>1. Performance of the Company's share price performance over a five year period</li> <li>2. Revenue growth</li> <li>3. Net profit margin</li> </ol> </td> <td> <ol style="list-style-type: none"> <li>1. Attendance at Board and Board Committee meetings</li> </ol> </td> </tr> </tbody> </table>	Performance Criteria	Board	Individual Directors	<b>Qualitative</b>	<ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Strategic planning</li> <li>5. Board accountability</li> </ol>	<ol style="list-style-type: none"> <li>1. Adequacy of preparation for Board and Committee meetings</li> <li>2. Contributions to specialist areas and generation of constructive debate</li> <li>3. Maintenance of independence (where applicable)</li> </ol>	<b>Quantitative</b>	<ol style="list-style-type: none"> <li>1. Performance of the Company's share price performance over a five year period</li> <li>2. Revenue growth</li> <li>3. Net profit margin</li> </ol>	<ol style="list-style-type: none"> <li>1. Attendance at Board and Board Committee meetings</li> </ol>
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# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>Review of the Board's performance is conducted by the NC annually. The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole.</p> <p>The board evaluation process is conducted annually by way of a board evaluation questionnaire. In FY2015, the review process was as follows:</p> <ol style="list-style-type: none"> <li>1. All Directors collectively as a whole completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees and the individual Directors based on criteria disclosed in Table 5 above;</li> <li>2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and</li> <li>3. The NC discussed the report and concluded the performance results during the NC meeting.</li> </ol> <p>Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.</p> <p>The NC, having reviewed the overall performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory.</p> <p>No external facilitator was used in the evaluation process.</p>
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																
<b>Access to Information</b>																		
6.1 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p><b>Table 6 – Types of information provided by key management personnel to Independent Directors</b></p> <table border="1"> <thead> <tr> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1. Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>Every meeting</td> </tr> <tr> <td>2. Updates to the Group's operations and the markets in which the Group operates in</td> <td>Every meeting</td> </tr> <tr> <td>3. Budgets and/or forecasts (with variance analysis), and management accounts (with financial ratios analysis)</td> <td>Every meeting</td> </tr> <tr> <td>4. Reports on on-going or planned corporate actions</td> <td>Every meeting</td> </tr> <tr> <td>5. Internal auditors' report(s)</td> <td>Yearly</td> </tr> <tr> <td>6. Shareholding statistics</td> <td>Yearly</td> </tr> <tr> <td>7. External auditor's report</td> <td>Yearly</td> </tr> </tbody> </table> <p>The Company will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>	Information	Frequency	1. Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Every meeting	2. Updates to the Group's operations and the markets in which the Group operates in	Every meeting	3. Budgets and/or forecasts (with variance analysis), and management accounts (with financial ratios analysis)	Every meeting	4. Reports on on-going or planned corporate actions	Every meeting	5. Internal auditors' report(s)	Yearly	6. Shareholding statistics	Yearly	7. External auditor's report	Yearly
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6.3	What is the role of the Company Secretary?	The Company Secretary attends all Board meetings of the Company, ensures a good flow of information within the Board and between the Management and the Non-Executive Directors, attends to corporate secretariat administration matters, and advises the Board on governance matters, ensuring Board procedures are followed and that applicable rules and regulations are complied with. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.																



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>REMUNERATION MATTERS</b>		
<b>Developing Remuneration Policies</b>		
7.1	What is the role of the RC?	<p>The RC is regulated by a set of written terms of reference and has access to independent professional advice, if necessary. Pursuant to the RC's terms of reference, the RC will be responsible for the following functions, including <i>inter alia</i>, reviews and recommends to the Board a framework of remuneration for the Directors and key management personnel, including the CEO, other personnel having the authority and responsibility for planning, directing and controlling the activities of the Group, and the employees related to the Executive Directors and controlling shareholders of the Company, and determines specific remuneration packages for each Executive Director as well as for each key management personnel. The review will cover all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and other benefits-in-kind.</p> <p>Annually, the RC will review the level and mix of remuneration and benefits policies and practices of the Company, including long-term incentives. When conducting such reviews, the RC will take into account the performance of the Company and that of individual employees. It will also review and approve the framework for salary reviews, performance bonus and incentives for key management personnel of the Group. The recommendations of the RC on remuneration of Directors and key management personnel will be submitted for endorsement by the entire Board.</p> <p>Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his/her own remuneration. The RC has met to consider and review the remuneration packages of the Executive Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company.</p> <p>The RC may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants. Among other things, this helps the Company to stay competitive in its remuneration packages.</p>
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2015.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																												
<b>Disclosure on Remuneration</b>																																																														
9	What is the Company's remuneration policy?	<p>The Company's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel to achieve the Company's business vision and create sustainable value for its shareholders.</p> <p>In setting remuneration packages, the RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.</p>																																																												
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown of remuneration of the Directors of the Company for FY2015 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="6"><b>Table 9.2 – Remuneration of the Directors</b></th> </tr> <tr> <th><b>Directors/Chief Executive Officer</b></th> <th><b>Fees %</b></th> <th><b>Salaries<sup>(1)</sup> %</b></th> <th><b>Bonus<sup>(2)</sup> %</b></th> <th><b>Other Benefits<sup>(3)</sup> %</b></th> <th><b>Total %</b></th> </tr> </thead> <tbody> <tr> <td colspan="6"><b>S\$500,001 to below S\$750,000</b></td> </tr> <tr> <td>Phua Lam Soon</td> <td>–</td> <td>81.55</td> <td>6.67</td> <td>11.78</td> <td>100.00</td> </tr> <tr> <td>Ong Siew Eng</td> <td>–</td> <td>69.74</td> <td>17.01</td> <td>13.25</td> <td>100.00</td> </tr> <tr> <td colspan="6"><b>Below S\$250,000</b></td> </tr> <tr> <td>Ng Kok Seng</td> <td>–</td> <td>70.78</td> <td>14.36</td> <td>14.86</td> <td>100.00</td> </tr> <tr> <td>Pao Kiew Tee</td> <td>100.00</td> <td>–</td> <td>–</td> <td>–</td> <td>100.00</td> </tr> <tr> <td>Chen Timothy Teck-Leng</td> <td>100.00</td> <td>–</td> <td>–</td> <td>–</td> <td>100.00</td> </tr> <tr> <td>Foo Shiang Ping</td> <td>100.00</td> <td>–</td> <td>–</td> <td>–</td> <td>100.00</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) Employer Central Provident Fund contributions are included as part of salaries.</p> <p>(2) Annual wage supplement and profit sharing, if any, are included as part of bonus.</p> <p>(3) Transportation allowances are included as part of other benefits.</p> <p>The Board, on review, decided not to disclose the exact remuneration details of each individual director and the CEO given the competitive business environment and possible negative impact on the Group's business interest.</p> <p>There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top four key management personnel.</p>	<b>Table 9.2 – Remuneration of the Directors</b>						<b>Directors/Chief Executive Officer</b>	<b>Fees %</b>	<b>Salaries<sup>(1)</sup> %</b>	<b>Bonus<sup>(2)</sup> %</b>	<b>Other Benefits<sup>(3)</sup> %</b>	<b>Total %</b>	<b>S\$500,001 to below S\$750,000</b>						Phua Lam Soon	–	81.55	6.67	11.78	100.00	Ong Siew Eng	–	69.74	17.01	13.25	100.00	<b>Below S\$250,000</b>						Ng Kok Seng	–	70.78	14.36	14.86	100.00	Pao Kiew Tee	100.00	–	–	–	100.00	Chen Timothy Teck-Leng	100.00	–	–	–	100.00	Foo Shiang Ping	100.00	–	–	–	100.00
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# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																			
9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>Details of remuneration paid to key management personnel of the Group for FY2015 is as follows:</p> <table border="1" data-bbox="580 629 1441 1014"> <caption><b>Table 9.3 – Remuneration of Key Management Personnel</b></caption> <thead> <tr> <th><b>Key Management Personnel</b></th> <th><b>Salaries<sup>(1)</sup></b> %</th> <th><b>Bonus<sup>(2)</sup></b> %</th> <th><b>Other Benefits<sup>(3)</sup></b> %</th> <th><b>Total</b> %</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Below S\$250,000</b></td> </tr> <tr> <td>Ho Chor Yau</td> <td>76.38</td> <td>16.78</td> <td>6.84</td> <td>100.00</td> </tr> <tr> <td>Yeo Geok Ngo</td> <td>93.00</td> <td>7.00</td> <td>–</td> <td>100.00</td> </tr> <tr> <td>Tee Chen Chuan</td> <td>77.18</td> <td>13.92</td> <td>8.90</td> <td>100.00</td> </tr> <tr> <td>Loy Yan Ru</td> <td>88.05</td> <td>11.95</td> <td>–</td> <td>100.00</td> </tr> <tr> <td>See Ching Jiunn<sup>(4)</sup></td> <td>92.54</td> <td>–</td> <td>7.46</td> <td>100.00</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>(1) Employer Central Provident Fund contributions are included as part of salaries.</p> <p>(2) Annual wage supplement is included as part of bonus.</p> <p>(3) Transportation allowances are included as part of other benefits.</p> <p>(4) Mr See Ching Jiunn resigned as the Contracts Manager with effect from 1 September 2014.</p> <p>The aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO) for FY2015 was approximately S\$428,000. One of the key management personnel had resigned during FY2015.</p>	<b>Key Management Personnel</b>	<b>Salaries<sup>(1)</sup></b> %	<b>Bonus<sup>(2)</sup></b> %	<b>Other Benefits<sup>(3)</sup></b> %	<b>Total</b> %	<b>Below S\$250,000</b>					Ho Chor Yau	76.38	16.78	6.84	100.00	Yeo Geok Ngo	93.00	7.00	–	100.00	Tee Chen Chuan	77.18	13.92	8.90	100.00	Loy Yan Ru	88.05	11.95	–	100.00	See Ching Jiunn <sup>(4)</sup>	92.54	–	7.46	100.00
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9.4	<p>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</p>	<p>There were no employees during FY2015 who were immediate family members of a Director and/or the CEO.</p>																																			

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.5	Please provide details of the employee share scheme(s).	The Company has no long-term incentive schemes such as employee share option scheme or share award scheme in place as at the date of this report.
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	<p>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations.</p> <p>The Company's Executive Directors, namely Mr Phua Lam Soon, Ms Ong Siew Eng and Mr Ng Kok Seng are remunerated based on their service agreements with the Company as disclosed in the Company's offer document dated 8 January 2013. The service agreements are valid for an initial period of three (3) years with effect from the date of listing of the Company on the Catalist and thereafter, for such period as the Board of Directors may decide. During the initial period of three (3) years, either party may terminate the service agreement by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on such Director's last drawn monthly salary provided always that such Director shall not be entitled to terminate the employments with the Company during the initial period.</p> <p>The fixed remuneration comprises a fixed salary, fixed annual wage supplement and transport allowance. The variable compensation of Mr Phua Lam Soon is determined based on the audited consolidated profit before tax of the Group (after minority interests but before taking into account the profit sharing) ("<b>PBT</b>"). If the PBT in respect of each financial year is at least S\$5 million, Mr Phua Lam Soon will be entitled to 5% of the Group's PBT in excess of S\$5 million. Where the Group's PBT exceeds S\$6 million for that financial year, Mr Phua Lam Soon will be entitled to the aggregate of S\$50,000 and 7% of the Group's PBT for the amount in excess of S\$6 million. As the Group recorded a PBT of approximately S\$4.2 million for FY2015, the aforementioned performance conditions has not been met to trigger the payment.</p> <p>The Executive Directors do not receive Directors' Fees.</p> <p>The Group has also entered into letters of employment with all the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, medical benefits, grounds of termination and certain restrictive covenants. The fixed remuneration comprises a fixed salary, fixed annual wage supplement and transport allowance. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1" data-bbox="579 658 1431 1232"> <thead> <tr> <th colspan="3" data-bbox="579 658 1431 696"><b>Table 9.6</b></th> </tr> <tr> <th data-bbox="579 703 767 768"><b>Performance Conditions</b></th> <th data-bbox="772 703 1099 768"><b>Short-term incentives</b> (such as performance bonus)</th> <th data-bbox="1104 703 1431 768"><b>Long-term incentives</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="579 775 767 1003"><b>Qualitative</b></td> <td data-bbox="772 775 1099 1003"> <ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. People development</li> <li>3. Commitment</li> <li>4. Teamwork</li> <li>5. Current market and industry practices</li> <li>6. Macro-economic factors</li> </ol> </td> <td data-bbox="1104 775 1431 1003"> <ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. Commitment</li> <li>3. Current market and industry practices</li> </ol> </td> </tr> <tr> <td data-bbox="579 1010 767 1232"><b>Quantitative</b></td> <td data-bbox="772 1010 1099 1232"> <ol style="list-style-type: none"> <li>1. Relative financial performance of the Group (e.g. in terms of net profit margin) to its industry peers</li> <li>2. Positive sales growth</li> <li>3. Productivity enhancement</li> </ol> </td> <td data-bbox="1104 1010 1431 1232"> <ol style="list-style-type: none"> <li>1. Relative financial performance of the Group (e.g. in terms of share price performance) over a 5-year period to its industry peers</li> </ol> </td> </tr> </tbody> </table>	<b>Table 9.6</b>			<b>Performance Conditions</b>	<b>Short-term incentives</b> (such as performance bonus)	<b>Long-term incentives</b>	<b>Qualitative</b>	<ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. People development</li> <li>3. Commitment</li> <li>4. Teamwork</li> <li>5. Current market and industry practices</li> <li>6. Macro-economic factors</li> </ol>	<ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. Commitment</li> <li>3. Current market and industry practices</li> </ol>	<b>Quantitative</b>	<ol style="list-style-type: none"> <li>1. Relative financial performance of the Group (e.g. in terms of net profit margin) to its industry peers</li> <li>2. Positive sales growth</li> <li>3. Productivity enhancement</li> </ol>	<ol style="list-style-type: none"> <li>1. Relative financial performance of the Group (e.g. in terms of share price performance) over a 5-year period to its industry peers</li> </ol>
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	(c) Were all of these performance conditions met? If not, what were the reasons?	<p>The RC has reviewed and is satisfied that the performance conditions (save for the performance condition in respect of the profit sharing element of Mr Phua Lam Soon's remuneration which is based on the Group's PBT in respect of each financial year, as disclosed under Principle 9.6 above) were met for FY2015.</p>												

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems.</p> <p>Based on the internal controls established and maintained by the Group, work performed by the internal auditors, and reviews performed by the Management and the Board Committees, the AC and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> <li>1. Assurance has been received from the CEO and financial controller (refer to Section 11.3(b) below);</li> <li>2. An internal audit has been done by the internal auditors and significant matters highlighted to the AC and key management personnel were appropriately addressed;</li> <li>3. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and</li> <li>4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns.</li> </ol> <p>The Board recognises that the internal control system maintained by the Management that was in place throughout FY2015 and up to date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguard of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial operational and compliance risks. The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.</p> <p>The Board will review on an annual basis the adequacy and effectiveness of the Company's internal controls system, including financial, operational, compliance and information technology controls.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditors that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>Yes, in respect of FY2015, the Board has received assurance from the CEO and financial controller that (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal controls systems are effective.</p> <p>The Board has relied on the external auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances.</p> <p>The Board has additionally relied on the internal auditor's report issued to the Company in FY2015 in respect of, amongst others, finance, procurement and subcontracting, human resource and payroll and project management as assurances that the Company's risk management and internal control systems are effective.</p>
<b>Audit Committee</b>		
<p>12.1 12.4</p>	<p>What is the role of the AC?</p>	<p>The AC functions under a set of written terms of reference which sets out its responsibilities set out below. The AC also has explicit authority to investigate any matter within its terms of reference.</p> <ul style="list-style-type: none"> <li>(a) review the scope and results of the audit and its cost effectiveness;</li> <li>(b) review the independence and objectivity of the external auditors annually;</li> <li>(c) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;</li> <li>(d) review the half-yearly and full year financial results before submission to the Board for approval;</li> <li>(e) review the adequacy of the Group's internal controls, as set out in the Code;</li> <li>(f) review the effectiveness of the Group's internal audit function;</li> <li>(g) meet periodically with the Company's external auditors; planned and discussed the results of the audit examination without the presence of the Management;</li> <li>(h) meet periodically with the Company's internal auditor; planned and discussed the results of the evaluation of the Group's systems of internal accounting controls without the presence of the Management;</li> </ul>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(i) consider and recommend to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors;</p> <p>(j) review arrangements by which staff of the Group and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;</p> <p>(k) review the external and internal auditors' reports;</p> <p>(l) review the co-operation given by the Group's officers to the external auditors;</p> <p>(m) review and approve interested persons transactions, if any, falling within the scope of Chapter 9 of the Catalist Rules;</p> <p>(n) review the adequacy of the business risk management process;</p> <p>(o) review potential conflicts of interest, if any, and ensuring procedures for resolving such conflicts are strictly adhered to;</p> <p>(p) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;</p> <p>(q) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding <i>inter alia</i>, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and</p> <p>(r) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments made thereto from time to time.</p> <p>In addition to reviewing the effectiveness of the Group's internal audit function, the internal auditor's primary line of reporting is the Chairman of the AC.</p> <p>Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he is interested.</p> <p>The AC has full access to the Management and also full discretion to invite any Director or key Management to attend its meetings, and has been given reasonable resources to enable it to discharge its function properly.</p>



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation															
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC has met with the external auditors and the internal auditors, without the presence of key management personnel, at least once in FY2015.															
12.6	Has the AC reviewed the independence of the external auditors?	<p>The AC, having reviewed the scope and value of non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.</p> <p>The AC has recommended to the Board the re-appointment of Messrs Nexia TS Public Accounting Corporation as external auditors of the Company at the forthcoming AGM.</p> <p>The AC is satisfied that Messrs Nexia TS Public Accounting Corporation and their audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations.</p>															
	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	<p><b>Table 12.6 – Fees Paid/Payable to the external auditors for FY2015</b></p> <table border="1"> <thead> <tr> <th></th> <th>S\$</th> <th>% of total</th> </tr> </thead> <tbody> <tr> <td><b>Audit Fees</b></td> <td>85,000</td> <td>86%</td> </tr> <tr> <td><b>Non-audit fees</b></td> <td></td> <td></td> </tr> <tr> <td>– Tax advice</td> <td>14,000</td> <td>14%</td> </tr> <tr> <td><b>Total</b></td> <td>99,000</td> <td>100%</td> </tr> </tbody> </table>		S\$	% of total	<b>Audit Fees</b>	85,000	86%	<b>Non-audit fees</b>			– Tax advice	14,000	14%	<b>Total</b>	99,000	100%
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	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the external auditors.	The non-audit services rendered by the external auditors during FY2015 were not substantial.															
12.7	Does the Company have a whistle-blowing policy?	Yes, the Group has established a whistle-blowing policy that seeks to provide a channel for the Group's employees and external parties to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The AC will address the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and external parties and for appropriate follow-up actions. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees and external parties. The Group's employees and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the email address <a href="mailto:spfoo@spadvisory.com.sg">spfoo@spadvisory.com.sg</a> .															

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2015, the AC was briefed by the external auditors on changes or amendments to accounting standards and the internal auditors, KPMG Services Pte Ltd, circulated the KPMG's Audit Committee Institute (ACI) Practice Note to inform AC members of the key changes in the Guidebook for Audit Committees in Singapore.
<b>Internal Audit</b>		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	<p>The Board recognises the importance of maintaining an internal audit function to maintain a sound system of internal control within the Group to safeguard shareholders' investments and the Company's assets. The AC has the responsibility to review annually the adequacy and effectiveness of the internal audit function, review the internal audit program and ensure co-ordination between internal auditor, external auditor and Management, and ensure that the internal auditor carry out its function according to the standards set by nationally or internationally recognised professional bodies, in particular, the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</p> <p>The internal audit function of the Group has been outsourced to KPMG Services Pte Ltd ("<b>Internal Auditors</b>"). The Internal Auditors reports primarily to the Chairman of the AC and the objective of the Internal Auditors is to provide a reasonable assurance to the AC on the Group's controls and governance processes. An annual internal audit plan which entails the review of the effectiveness of the Group's controls has been developed by the Internal Auditors. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The AC is satisfied that the internal audit function is adequately qualified (given, <i>inter alia</i>, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing within the Group.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b>Communication with Shareholders</b>		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	<p>Pertinent information is communicated to shareholders on a regular and timely basis through the following means:</p> <ul style="list-style-type: none"> <li>(a) financial results and annual reports are announced or issued within the mandatory period;</li> <li>(b) material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and the press; and</li> <li>(c) the Company's AGM.</li> </ul> <p>The Board establishes and maintains regular dialogue with its shareholders, to gather views or inputs and to address shareholders' concerns. The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders of the Company will receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Any shareholder who is unable to attend is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance.</p> <p>The Company solicits feedback from and addresses the concerns of shareholders via an external investor relations company, Financial PR Pte Ltd, whose contact details can be found through the Company's corporate website at <a href="http://www.logisticsholdings.com.sg">http://www.logisticsholdings.com.sg</a> and also on press releases that the Company disseminates from time to time.</p>
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at <a href="http://www.logisticsholdings.com.sg">http://www.logisticsholdings.com.sg</a> .

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.5	Does the Company have a dividend policy?	<p>The Company does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on the Company's shares that the Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by the Directors:</p> <ul style="list-style-type: none"> <li>(a) the level of the Group's cash and retained earnings;</li> <li>(b) the Group's actual and projected financial performance;</li> <li>(c) the Group's projected levels of capital expenditure and expansion plans;</li> <li>(d) the Group's working capital requirements and general financing condition; and</li> <li>(e) restrictions on payment of dividends imposed on the Group by the Group's financing arrangements (if any).</li> </ul>
	Is the Company is paying dividends for the financial year? If not, please explain why.	For FY2015, the Board has proposed the payment of a first and final dividend of 0.8 Singapore cents (S\$0.008) per ordinary share at the forthcoming AGM for shareholders' approval. Details of the proposed dividend are stated in the Notice of AGM attached to this Annual Report.
<b>CONDUCT OF SHAREHOLDER MEETINGS</b>		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>At the AGM, the shareholders of the Company will be given the opportunity to voice their views and direct to the Directors or the Management questions regarding the Company. At the Company's general meetings, each distinct issue is proposed as a separate resolution, and all resolutions will be voted on by poll.</p> <p>Shareholders are entitled to attend and vote or to appoint not more than two proxies to attend and vote on their behalf at general meetings. Voting in absentia, by mail, facsimile or electronic email is also allowed.</p> <p>The Chairman of each Board Committee is required to be present to address shareholders' questions at the AGM. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.</p> <p>After the AGM, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage, and will prepare minutes of the AGM. Such minutes are available to shareholders upon their request.</p>

# CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance with Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Company or any of its subsidiary companies involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	Based on the internal controls established and maintained by the Group, work performed by the internal auditors, assurance from the CEO and the financial controller, and reviews performed by the Management and the Board Committees, the AC and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.
1204(17)	Interested Person Transaction ("IPT")	<p>The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board.</p> <p>There were no IPTs of S\$100,000 and above for FY2015.</p> <p>The Group does not have a general mandate obtained from shareholders for IPTs.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal code of conduct and policy on dealings in the Company's securities in accordance with Rule 1204(19) of the Catalist Rules. The Company, Directors and officers are prohibited to deal in the Company's securities, during the period commencing one (1) month before the announcement of the Company's half year and full year financial results, and ending on the date of the announcement of the relevant results. In addition, the officers of the Company are reminded (i) not to deal with the Company's securities on short term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) that they are required to report on their dealings in shares of the Company.</p> <p>Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.</p>
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., during FY2015.
1204(22)	Use of IPO Proceeds	All proceeds raised from the Company's IPO have been fully utilised.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the balance sheet of the Company as at 30 June 2015.

## Directors

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

Phua Lam Soon  
Ong Siew Eng  
Ng Kok Seng  
Pao Kiew Tee  
Chen Timothy Teck-Leng  
Foo Shiang Ping

## Arrangements to enable directors to acquire shares and debentures

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

## Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 30 June 2015	At 1 July 2014	At 30 June 2015	At 1 July 2014
<b>The Company</b>				
<u>(No. of ordinary shares)</u>				
Phua Lam Soon	14,701,600	14,701,600	103,273,600	103,273,600
Ong Siew Eng	14,873,600	14,873,600	103,101,600	103,101,600
Ng Kok Seng	1,490,000	1,490,000	–	–
Foo Shiang Ping	130,000	130,000	–	–

## Immediate and Ultimate Holding Corporation

Yi Investment Pte. Ltd.  
(No. of ordinary shares)

Phua Lam Soon	1	1	–	–
Ong Siew Eng	1	1	–	–

The directors' interest in the ordinary shares of the Company as at 21 July 2015 were the same as those as at 30 June 2015.

By virtue of Section 7 of the Singapore Companies Act (Cap 50) (the "Act"), Phua Lam Soon and Ong Siew Eng are deemed to have interest in the shares of all the subsidiaries, at the beginning and at the end of the financial year.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## Directors' contractual benefits

Since the end of previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

## Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

## Audit committee

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

Pao Kiew Tee	Independent Director (Chairman)
Chen Timothy Teck-Leng	Independent Director
Foo Shiang Ping	Non-executive Director

The Audit Committee performs the functions specified in the Companies Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the beginning of this financial year and has reviewed the following, where relevant, with the executive directors and independent and internal auditors of the Company:

- a) the independent auditor planned and discussed the results of the audit examination without the presence of the Management;
- b) the internal auditor planned and discussed the results of the evaluation of the Group's systems of internal accounting controls without the presence of the Management;
- c) the Group's financial and operating results and accounting policies;
- d) the balance sheet of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors and the independent auditors' report on those financial statements;
- e) the annual announcements and press releases on the results and financial positions of the Company and the Group;
- f) interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- g) the co-operation and assistance given by the Management to the Group's independent and internal auditors; and
- h) the re-appointment of the independent and internal auditors of the Group.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## **Audit committee** (Cont'd)

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

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

## **Independent auditor**

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

On behalf of the directors

.....  
Phua Lam Soon  
*Director*

.....  
Ng Kok Seng  
*Director*

**Singapore**

**30 September 2015**



# STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

In the opinion of the directors,

- (i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 50 to 96 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2015 and of the financial performance of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the directors

.....  
Phua Lam Soon  
*Director*

.....  
Ng Kok Seng  
*Director*

**Singapore**

**30 September 2015**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOGISTICS HOLDINGS LIMITED

## Report on the financial statements

We have audited the accompanying financial statements of Logistics Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 96, which comprise the balance sheet of the Group and the Company as at 30 June 2015, the consolidated statement of comprehensive income, statement of changes in equity and 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 (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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 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 June 2015, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOGISTICS 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.

*Nexia TS Public Accounting Corporation  
Public Accountants and Chartered Accountants*

*Director-in-charge: Philip Tan Jing Choon  
Appointed since financial year ended 30 June 2013*

**Singapore**

**30 September 2015**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
Revenue	4	<b>128,374</b>	114,929
Cost of works		<b>(117,598)</b>	(104,629)
Gross profit		<b>10,776</b>	10,300
Other income	5	<b>2,337</b>	1,239
Other losses – exchange translation differences, net		<b>(324)</b>	–
Expenses			
– Distribution and marketing		<b>(418)</b>	(124)
– Administrative		<b>(8,003)</b>	(6,185)
– Finance	8	<b>(146)</b>	(26)
Profit before income tax		<b>4,222</b>	5,204
Income tax expense	9	<b>(485)</b>	(304)
<b>Net profit</b>		<b>3,737</b>	4,900
<b>Other comprehensive income, net of tax:</b>			
Items that may be classified subsequently to profit and loss:			
Currency translation differences arising from consolidation			
– losses		<b>(313)</b>	(2)
<b>Total comprehensive income</b>		<b>3,424</b>	4,898
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>4,239</b>	4,953
Non-controlling interests		<b>(502)</b>	(53)
		<b>3,737</b>	4,900
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>3,926</b>	4,951
Non-controlling interests		<b>(502)</b>	(53)
		<b>3,424</b>	4,898
<b>Earnings per share attributable to equity holders of the Company (cents per share)</b>			
Basic and diluted	10	<b>3</b>	3

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

# BALANCE SHEETS

AS AT 30 JUNE 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	5,592	9,889	242	895
Trade and other receivables	12	41,429	26,938	6,247	3,232
Inventories	13	977	–	–	–
Construction contract work-in-progress	14	54	176	–	–
Development properties	15	31,980	14,307	–	–
Other current assets	16	657	423	17	24
		<b>80,689</b>	<b>51,733</b>	<b>6,506</b>	<b>4,151</b>
<b>Non-current assets</b>					
Investments in subsidiaries	17	–	–	20,122	11,622
Property, plant and equipment	18	7,697	6,250	–	–
Investment properties	19	229	236	–	–
Deferred income tax assets	23	94	6	–	–
		<b>8,020</b>	<b>6,492</b>	<b>20,122</b>	<b>11,622</b>
<b>Total assets</b>		<b>88,709</b>	<b>58,225</b>	<b>26,628</b>	<b>15,773</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	20	31,966	20,543	645	323
Borrowings	21	5,883	1,024	4,000	–
Current income tax liabilities	9	393	476	7	6
		<b>38,242</b>	<b>22,043</b>	<b>4,652</b>	<b>329</b>
<b>Non-current liabilities</b>					
Borrowings	21	24,256	12,260	–	–
Deferred income tax liabilities	23	245	20	–	–
		<b>24,501</b>	<b>12,280</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>62,743</b>	<b>34,323</b>	<b>4,652</b>	<b>329</b>
<b>NET ASSETS</b>		<b>25,966</b>	<b>23,902</b>	<b>21,976</b>	<b>15,444</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	24	15,196	15,196	15,196	15,196
Retained profits	25	13,384	10,505	6,780	248
Currency translation reserve	26	(315)	(2)	–	–
Merger reserve	27	(2,014)	(2,014)	–	–
		<b>26,251</b>	<b>23,685</b>	<b>21,976</b>	<b>15,444</b>
<b>Non-controlling interests</b>		<b>(285)</b>	<b>217</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>25,966</b>	<b>23,902</b>	<b>21,976</b>	<b>15,444</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Attributable to equity holders of the Company						Total equity \$'000
		Share capital \$'000	Retained profits \$'000	Currency		Non- controlling interests \$'000	Total \$'000	
				translation reserve \$'000	Merger reserve \$'000			
<b>2015</b>								
<b>Beginning of financial year</b>		<b>15,196</b>	<b>10,505</b>	<b>(2)</b>	<b>(2,014)</b>	<b>23,685</b>	<b>217</b>	<b>23,902</b>
Dividend relating to 2014	28	-	(1,360)	-	-	(1,360)	-	(1,360)
Total comprehensive income for the year		-	4,239	(313)	-	3,926	(502)	3,424
<b>End of financial year</b>		<b>15,196</b>	<b>13,384</b>	<b>(315)</b>	<b>(2,014)</b>	<b>26,251</b>	<b>(285)</b>	<b>25,966</b>
<b>2014</b>								
<b>Beginning of financial year</b>		15,196	7,252	-	(2,014)	20,434	-	20,434
Dividend relating to 2013	28	-	(1,700)	-	-	(1,700)	-	(1,700)
Acquisition of subsidiary		-	-	-	-	-	270	270
Total comprehensive income for the year		-	4,953	(2)	-	4,951	(53)	4,898
<b>End of financial year</b>		<b>15,196</b>	<b>10,505</b>	<b>(2)</b>	<b>(2,014)</b>	<b>23,685</b>	<b>217</b>	<b>23,902</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Net profit		3,737	4,900
Adjustments for:			
– Income tax expense		485	304
– Depreciation	18, 19	2,180	1,241
– Gains on disposal of property, plant and equipment	5	(8)	–
– Interest income	5	–	(5)
– Interest expense	8	146	26
– Unrealised currency translation differences		(304)	(1)
		<b>6,236</b>	6,465
Change in working capital:			
– Trade and other receivables		(14,491)	(3,675)
– Other current assets		(234)	974
– Trade and other payables		11,423	(2,816)
– Inventories		(977)	–
– Construction contract work-in-progress		122	(176)
– Development properties		(17,673)	(14,307)
Cash used in operations		(15,594)	(13,535)
Interest received		–	5
Income tax paid		(431)	(1,610)
<b>Net cash used in operating activities</b>		<b>(16,025)</b>	(15,140)
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(3,620)	(2,794)
Proceeds from disposal of property, plant and equipment		8	–
<b>Net cash used in investing activities</b>		<b>(3,612)</b>	(2,794)
<b>Cash flows from financing activities</b>			
Dividend paid to equity holders of the Company	28	(1,360)	(1,700)
Repayment of finance lease liabilities		(356)	(63)
Proceeds from borrowings		17,878	11,720
Repayment of borrowings		(667)	(371)
Interest paid		(146)	(26)
Contribution from non-controlling interests		–	240
Bank deposits pledged for borrowings		–	100
<b>Net cash provided by financing activities</b>		<b>15,349</b>	9,900
<b>Net decrease in cash and cash equivalents</b>		<b>(4,288)</b>	(8,034)
<b>Cash and cash equivalents</b>			
Beginning of financial year		9,889	17,923
Effect on currency translation on cash and cash equivalents		(9)	–
End of financial year	11	<b>5,592</b>	9,889

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

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

The financial statements of the Group for the financial year ended 30 June 2015 were authorised for issue in accordance with resolution of the Board of Directors of Logistics Holdings Limited on 30 September 2015.

## 1 General information

Logistics Holdings Limited (the "Company") is listed on the Singapore Exchange and domiciled in Singapore. The address of its registered office is 24 Kranji Road, Singapore 739465.

The principal activities of the Company are investment holding. The principal activities of the subsidiaries are disclosed in Note 17.

## 2 Significant accounting policies

### 2.1 Basis of preparation

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

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

The consolidated financial statements are presented in Singapore Dollar ("S\$") and all values are rounded to the nearest thousand (S\$'000) except otherwise indicated.

#### ***Interpretations and amendments to published standards effective in 2015***

On 1 July 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

#### ***FRS 112 Disclosures of Interests in Other Entities***

The Group has adopted the above new FRS on 1 July 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 July 2014. The Group has incorporated the additional required disclosures into the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.2 Group accounting

#### (a) Subsidiaries

##### (i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

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

##### (ii) Acquisitions

The acquisition method of accounting is used to account for the acquisition of subsidiaries, other than these entities which are under common control entered into by the Group.

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

Acquisition-related costs are expensed as incurred.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.2 Group accounting (Cont'd)

#### (a) Subsidiaries (Cont'd)

##### (ii) Acquisitions (Cont'd)

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The income statement includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary is taken to merger reserve.

##### (iii) Disposals

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

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

Please refer to the paragraph "Investments in Subsidiaries" for the accounting policy under Note 2.7.

#### (b) Transaction with non-controlling interest

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.3 Revenue recognition

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

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

**(a) Revenue from construction works**

Revenue from construction contract is recognised based on the percentage of completion method as disclosed in Note 2.9.

**(b) Revenue from building and maintenance and equipment handling income**

Revenue from rendering of services is recognised on the performance of services.

**(c) Revenue from sales of goods – Precast manufacturing**

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

**(d) Interest income**

Interest income is recognised using the effective interest method.

**(e) Rental and dormitory income**

Rental and dormitory income from operating leases is recognised on a straight line basis over the lease term.

### 2.4 Property, plant and equipment

**(a) Measurement**

*(i) Property, plant and equipment*

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

*(ii) Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.4 Property, plant and equipment (Cont'd)

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold buildings	over the lease term
Plant and machinery	5 years
Computer	1 year
Office equipment & furniture and fittings	5 years
Motor vehicles	5 years
Renovation	5 years
Dormitory	2 years

Asset under construction included in property, plant and equipment is not depreciated as the asset is not yet available for use.

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

#### (c) Subsequent expenditure

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

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

### 2.5 Investment properties

Investment properties include office units that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include office units that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 45 years.

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.5 Investment properties (Cont'd)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### 2.6 Development properties

Development properties refers to property developed for sale.

Development properties are those properties which are held with the intention for development and sale in the ordinary course of business. They are stated at the lower of cost plus a portion of attributable profit (where applicable) less progress billings and the estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprise specifically identifiable costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis as part of the cost of the development property until the completion of development. The cumulative impact of a revision in estimates is recorded in the period such revisions becomes likely and estimable. When it is probable that the cost of development property will exceed sale proceed of the development property, the expected loss is recognised as an expense immediately. The development properties in progress have operating cycle longer than one year.

Sales of development properties under construction in respect of which sale and purchase agreements are entered into prior to completion of construction are recognised when the properties are delivered to the buyers, except in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

The stage of completion is determined by the proportion of construction costs incurred to date, as certified by the architects or quantity surveyors, to the estimated total construction costs for the project. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

### 2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.8 Impairment of non-financial assets

*Property, plant and equipment*

*Investment properties*

*Investments in subsidiaries*

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

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

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

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

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

### 2.9 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.9 Construction contracts (Cont'd)

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables".

### 2.10 Cash and cash equivalents

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

### 2.11 Financial assets

#### (a) Classification

The Group classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those that are expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

#### (b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

#### (c) Initial measurement

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

#### (d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.11 Financial assets (Cont'd)

#### (e) Impairment

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

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

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

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

### 2.12 Inventories

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

### 2.13 Trade and other payables

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

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

### 2.14 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.14 Income taxes (Cont'd)

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

Deferred income tax is measured:

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

Current and deferred income taxes are recognised as income and expense in profit or loss.

### 2.15 Employee compensation

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

#### Defined contribution plans

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

### 2.16 Currency translation

#### **(a) Functional and presentation currency**

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

#### **(b) Transactions and balances**

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "financial cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses) – net".

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.16 Currency translation (Cont'd)

#### (c) Translation of Group entities' financial statements

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

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

### 2.17 Provisions for other liabilities and charges

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

### 2.18 Share capital

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

### 2.19 Dividends to Company's shareholders

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

### 2.20 Government grant

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

Government grant relating to expense is deducted directly from the related expenses, or shown separately as other income.

### 2.21 Fair value estimation

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.22 Leases

#### (a) When the Group is the lessee

The Group leases motor vehicles under finance leases and workers quarters, office equipment and office under operating leases from non-related parties.

##### (i) Lessee – Finance leases

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

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

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

##### (ii) Lessee – Operating leases

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

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

#### (b) When the Group is the lessor

##### (i) Lessor – Operating leases

Leases of investment properties and dormitory where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of incentives given to the lessee) is recognised in profit or loss on a straight line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss account over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

### 2.23 Segment reporting

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 2 Significant accounting policies (Cont'd)

### 2.24 Financial guarantees

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

Financial guarantee are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary's banking facilities, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

### 2.25 Borrowings

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

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

### 2.26 Borrowing costs

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

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

## 3 Critical accounting estimates, assumptions and judgements

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

### (a) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 3 Critical accounting estimates, assumptions and judgements (Cont'd)

### (a) Construction contracts (Cont'd)

Significant estimate is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making this estimate, the Group evaluates by relying on past experience.

If the revenue on uncompleted contracts at the balance sheet date increases/decreases by 5% from management's estimates, the Group's revenue will increase/decrease by \$17,651,000 (2014: \$18,295,000) and \$21,750,000 (2014: \$19,579,000) respectively.

If the contract costs of uncompleted contracts to be incurred increase/decrease by 5% from management's estimates, the Group's profit before tax will increase/decrease by \$1,550,000 (2014: \$548,000) and \$2,035,000 (2014: \$1,348,000) respectively.

### (b) Income taxes

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement is involved in determining the group-wide 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 amounts of the Group's current income tax liabilities were \$476,000 and \$393,000 as at 30 June 2014 and 2015 respectively. The carrying amounts of the Group's deferred income tax assets were \$6,000 and \$94,000 as at 30 June 2014 and 2015 respectively. The carrying amounts of the Group's deferred income tax liabilities were \$20,000 and \$245,000 as at 30 June 2014 and 2015 respectively.

## 4 Revenue

	Group	
	2015 \$'000	2014 \$'000
Revenue from construction works	113,999	98,656
Revenue from building and maintenance	14,186	16,273
Revenue from precast manufacturing	189	-
	<b>128,374</b>	114,929

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 5 Other income

	Group	
	2015 \$'000	2014 \$'000
Equipment handling income	406	482
Dormitory income	1,784	616
Rental income (Note 19)	46	18
Gain on disposal of property, plant and equipment	8	–
Government grant – PIC bonus	15	15
Government grant – Wage credit scheme	27	15
Government grant – Special employment credit	9	5
Government grant – MechC scheme	–	19
Insurance compensation	16	33
Interest income from bank deposits	–	5
Other	26	31
	<b>2,337</b>	<b>1,239</b>

## 6 Expenses by nature

	Group	
	2015 \$'000	2014 \$'000
Purchase of materials	18,598	8,736
Fees on audit services paid/payable to:		
– Auditor of the Company	85	80
– Other auditor	3	–
Fees on non-audit services paid/payable to:		
– Auditor of the Company	14	24
– Other auditor	37	38
Depreciation	2,180	1,241
Directors' fees <sup>(1)</sup>	144	130
Dormitory expenses	774	278
Donation	124	52
Employee compensation (Note 7)	9,241	8,578
Entertainment expenses	119	119
Exhibition	280	–
Professional charges	335	290
Property and land tax	125	118
Rental on operating leases	477	354
Sub-contractor charges recognised in the profit and loss	85,797	83,892
Utilities	236	159
Worksite and factory expenses	7,637	6,470
Changes in inventories	(977)	–
Other expenses	790	379
Total cost of works, distribution and marketing and administrative expenses	<b>126,019</b>	<b>110,938</b>

<sup>(1)</sup> Included in the directors' fees, an amount of \$14,000 was paid to a director of Le Premier Development Pte. Ltd..

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 7 Employee compensation

	Group	
	2015 \$'000	2014 \$'000
Salaries and bonuses	8,580	8,003
Employer's contribution to defined contribution plans including Central Provident Fund	408	349
Other short-term benefits	253	226
	<b>9,241</b>	<b>8,578</b>

## 8 Finance expenses

	Group	
	2015 \$'000	2014 \$'000
Bank borrowings	660	173
Finance lease liabilities	31	24
	<b>691</b>	<b>197</b>
Finance expense capitalised in:		
– Development properties (Note 15)	(545)	(171)
	<b>146</b>	<b>26</b>

## 9 Income tax expense

### (a) Income tax expense

	Group	
	2015 \$'000	2014 \$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
– Current income tax	386	467
– Deferred income tax (Note 23)	117	66
	<b>503</b>	<b>533</b>
(Over)/underprovision in prior years:		
– Current income tax	(38)	(229)
– Deferred income tax (Note 23)	20	–
	<b>(18)</b>	<b>(229)</b>
	<b>485</b>	<b>304</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 9 Income tax expense (Cont'd)

### (a) Income tax expense (Cont'd)

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

	Group	
	2015 \$'000	2014 \$'000
Profit before income tax	4,222	5,204
Tax calculated at tax rate of 17% (2014: 17%)	718	885
Effects of:		
– Tax incentives	(616)	(523)
– Expenses not deductible for tax purposes	424	171
– Deferred tax assets not recognised	38	–
– Effect of tax rate for different jurisdiction	(61)	–
Tax charge	503	533

During the financial year, in relation to the Singapore group relief system, the Group utilised tax losses of \$1,306,000 (2014: Nil) to set off the assessable income of a company within the Group.

### (b) Movement in current income tax liabilities

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Beginning of financial year	476	1,848	6	8
Income tax paid	(431)	(1,610)	(6)	(8)
Tax expense	386	467	7	6
Overprovision in prior years	(38)	(229)	–	–
End of financial year	393	476	7	6

## 10 Earnings per share

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

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

	Group	
	2015	2014
Net profit attributable to equity holders of the Company (\$'000)	4,239	4,953
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	170,000	170,000
Basic and diluted earnings per share (cents per share)	3	3



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 10 Earnings per share (Cont'd)

Potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per shares or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

## 11 Cash and cash equivalents

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash on hand	35	34	–	–
Cash at bank	5,557	9,855	242	895
	<b>5,592</b>	<b>9,889</b>	<b>242</b>	<b>895</b>

## 12 Trade and other receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables				
– Non-related parties	4,559	6,583	–	–
– Subsidiaries	–	–	848	1,958
	<b>4,559</b>	<b>6,583</b>	<b>848</b>	<b>1,958</b>
Construction contracts				
– Due from customers (Note 14)	34,989	19,443	–	–
– Retentions (Note 14)	1,830	880	–	–
	<b>36,819</b>	<b>20,323</b>	<b>–</b>	<b>–</b>
Non-trade receivables				
– Non-related parties	15	–	–	–
– Non-controlling interests	30	30	–	–
– Subsidiaries	–	–	5,399	1,274
	<b>45</b>	<b>30</b>	<b>5,399</b>	<b>1,274</b>
Staff advances	6	2	–	–
	<b>41,429</b>	<b>26,938</b>	<b>6,247</b>	<b>3,232</b>

Non-trade receivables from subsidiaries and non-controlling interests are unsecured, interest-free and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 13 Inventories

	Group	
	2015 \$'000	2014 \$'000
Raw materials	91	–
Finished goods	886	–
	<b>977</b>	–

The cost of inventories recognised as an expense and included in “cost of works” amounted to \$2,325,000 (2014: Nil).

## 14 Construction contracts

	Group	
	2015 \$'000	2014 \$'000
Construction contract work-in-progress:		
Beginning of financial year	176	–
Contract costs incurred	102,067	88,643
Contract expenses recognised in profit or loss	(102,189)	(88,467)
End of financial year	54	176
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted construction contracts	371,985	259,409
Less: Progress billings	(337,106)	(240,055)
	<b>34,879</b>	19,354
Presented as:		
Due from customers on construction contracts (Note 12)	34,989	19,443
Due to customers on construction contracts (Note 20)	(110)	(89)
	<b>34,879</b>	19,354
Retentions on construction contracts (Note 12)	1,830	880

## 15 Development properties

	Group	
	2015 \$'000	2014 \$'000
Freehold land	27,265	13,400
Development costs	4,715	907
	<b>31,980</b>	14,307

During the financial year, \$545,000 (2014: \$171,000) borrowing costs was capitalised as cost of development properties (Note 8). The rate used to determine the amount of borrowing costs eligible for capitalisation was ranging from 1.90% to 5.50% (2014: 1.90% to 1.97%), which is the effective interest rate of the specific borrowings.

The development properties have been pledged as security for borrowings (Note 21).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 15 Development properties (Cont'd)

As at 30 June 2015, the details of the Group's development properties are as follows:

Location	Description	Tenure	Expected date of completion	Gross floor area (sqm.)	Group effective interest in the property
21 Paya Lebar Crescent	Residential development	Freehold	3rd quarter of 2016	1,551	100%
Lot 2656 (GRN 237453) Mukim of Senai, District of Kulajaya, Johor	Industrial development	Freehold	2nd quarter of 2019	112,805	100%

The development properties are currently under construction at preliminary stage.

## 16 Other current assets

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deposits	535	364	–	–
Prepayments	122	59	17	24
	<b>657</b>	<b>423</b>	<b>17</b>	<b>24</b>

## 17 Investments in subsidiaries

	Company	
	2015 \$'000	2014 \$'000
Equity investments at cost		
Beginning of financial year	11,622	9,922
Additions	8,500	1,700
End of financial year	<b>20,122</b>	<b>11,622</b>

On 16 July 2014, the Company's wholly owned subsidiary, Logistics Investment Pte. Ltd. subscribed 99,996 ordinary shares in the capital of Le Premier Development Sdn Bhd which incorporated in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 17 Investments in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by individual entities		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by the non-controlling interests	
			2015	2014	2015	2014	2015	2014
			%	%	%	%	%	%
Logistics Construction Pte. Ltd. <sup>(1)</sup>	General Contractors (Building construction including major upgrading works)	Singapore	100	100	100	100	–	–
Apex Projects Pte. Ltd. <sup>(1)</sup>	General Contractors (Building construction including major upgrading works) and landscape care and maintenance service activities	Singapore	100	100	100	100	–	–
Logistics Investment Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100	100	100	–	–
<i>Held by Logistics Investment Pte. Ltd.</i>								
Le Premier Development Pte. Ltd. <sup>(1)</sup>	Real estate developers	Singapore	100	100	100	100	–	–
CCL Precast Pte. Ltd. <sup>(1)</sup>	Manufacture of articles of cement, concrete and plaster	Singapore	80	80	80	80	20	20
New Soil Technologies Pte. Ltd. <sup>(1)</sup>	Soil investigation, treatment and stabilisation, research and experimental development on engineering	Singapore	60	60	60	60	40	40

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 17 Investments in subsidiaries (Cont'd)

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by individual entities		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by the non-controlling interests	
			2015	2014	2015	2014	2015	2014
			%	%	%	%	%	%
<i>Held by Logistics Investment Pte. Ltd. (Cont'd)</i>								
Le Premier Development Sdn. Bhd. <sup>(2)</sup>	Investment holding of land and property development	Malaysia	100	–	100	–	–	–
<i>Held by CCL Precast Pte. Ltd.</i>								
CCL Precast (M) Sdn Bhd. <sup>(2)</sup>	Manufacture of articles of cement, concrete and plaster	Malaysia	100	100	80	80	20	20
<i>Held by Logistics Construction Pte. Ltd.</i>								
MSC Engineering Pte. Ltd. <sup>(1)</sup>	General Contractors (Building construction including major upgrading works)	Singapore	70	70	70	70	30	30

<sup>(1)</sup> Audited by Nexia TS Public Accounting Corporation, Singapore.

<sup>(2)</sup> Audited by C.H. Teo & Co., Malaysia.

*Carrying value of non-controlling interests*

	2015 \$'000	2014 \$'000
CCL Group Pte Ltd and its subsidiaries	(273)	154
Other subsidiaries with immaterial non-controlling interests	(12)	63
	<b>(285)</b>	217

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 17 Investments in subsidiaries (Cont'd)

### *Summarised financial information of subsidiaries with material non-controlling interests*

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 30 June 2015 and 2014.

CCL Group Pte Ltd and its subsidiaries

Summarised balance sheet as at 30 June

	2015 \$'000	2014 \$'000
<b>Current</b>		
Assets	3,263	1,258
Liabilities	(7,048)	(1,276)
Total current net liabilities	(3,785)	(18)
<b>Non-current</b>		
Assets	3,287	1,091
Liabilities	(794)	(333)
Total non-current net assets	2,493	758
<b>Net (liabilities)/assets</b>	<b>(1,292)</b>	740

Summarised statement of comprehensive income for financial year ended 30 June

	2015 \$'000	2014 \$'000
Revenue	2,742	-
<b>Loss before income tax</b>	<b>(1,885)</b>	(313)
Income tax (expense)/credit	(141)	53
<b>Net loss, net of income tax</b>	<b>(2,026)</b>	(260)
Other comprehensive loss	(7)	-
<b>Total comprehensive loss</b>	<b>(2,033)</b>	(260)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 17 Investments in subsidiaries (Cont'd)

### Summarised financial information of subsidiaries with material non-controlling interests (Cont'd)

#### Summarised statement of cash flows for financial year ended 30 June

	2015 \$'000	2014 \$'000
<b>Net cash provided by operating activities</b>	<b>463</b>	228
<b>Net cash used in investing activities</b>	<b>(2,681)</b>	(1,040)
<b>Net cash provided by financing activities</b>	<b>1,281</b>	2,000
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(937)</b>	1,188
Cash and cash equivalents at beginning of financial year/at the incorporation date	1,188	-
Effect on currency translation on cash and cash equivalent	(9)	-
<b>Cash and cash equivalents at end of financial year/period</b>	<b>242</b>	1,188

## 18 Property, plant and equipment

	Leasehold buildings \$'000	Plant and machinery \$'000	Office equipment, fittings and computer \$'000	Motor vehicles \$'000	Renovation \$'000	Dormitory \$'000	Construction- in-progress \$'000	Total \$'000
<b>Group</b>								
<b>2015</b>								
<i>Cost</i>								
Beginning of financial year	2,172	3,022	380	649	689	1,103	391	8,406
Currency translation differences	-	(53)	-	-	-	-	(32)	(85)
Additions	-	2,540	322	123	4	-	716	3,705
Disposal	-	-	-	(27)	-	-	-	(27)
End of financial year	<b>2,172</b>	<b>5,509</b>	<b>702</b>	<b>745</b>	<b>693</b>	<b>1,103</b>	<b>1,075</b>	<b>11,999</b>
<i>Accumulated depreciation</i>								
Beginning of financial year	614	320	281	487	270	184	-	2,156
Depreciation charge	334	872	125	125	104	613	-	2,173
Currency translation differences*	-	-	-	-	-	-	-	-
Disposal	-	-	-	(27)	-	-	-	(27)
End of financial year	<b>948</b>	<b>1,192</b>	<b>406</b>	<b>585</b>	<b>374</b>	<b>797</b>	<b>-</b>	<b>4,302</b>
<b>Net book value</b>								
<b>End of financial year</b>	<b>1,224</b>	<b>4,317</b>	<b>296</b>	<b>160</b>	<b>319</b>	<b>306</b>	<b>1,075</b>	<b>7,697</b>

\* Amount less than thousand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 18 Property, plant and equipment (Cont'd)

Group	Office equipment, furniture and							Total \$'000
	Leasehold buildings \$'000	Plant and machinery \$'000	fittings and computer \$'000	Motor vehicles \$'000	Renovation \$'000	Dormitory \$'000	Construction-in-progress \$'000	
<b>2014</b>								
<i>Cost</i>								
Beginning of financial year	2,492	348	292	557	658	–	32	4,379
Additions	–	2,674	88	102	31	1,071	391	4,357
Disposal	–	–	–	(10)	–	–	–	(10)
Transfer from construction-in-progress	–	–	–	–	–	32	(32)	–
Reclassification to investment properties (Note 19)	(320)	–	–	–	–	–	–	(320)
End of financial year	2,172	3,022	380	649	689	1,103	391	8,406
<i>Accumulated depreciation</i>								
Beginning of financial year	357	58	172	391	31	–	–	1,009
Depreciation charge	341	262	109	106	239	184	–	1,241
Disposal	–	–	–	(10)	–	–	–	(10)
Reclassification to investment properties (Note 19)	(84)	–	–	–	–	–	–	(84)
End of financial year	614	320	281	487	270	184	–	2,156
<b>Net book value</b>								
<b>End of financial year</b>	1,558	2,702	99	162	419	919	391	6,250

- (a) Included within the additions in the consolidated financial statements are plant and machinery acquired under finance leases amounting to \$Nil (2014: \$1,918,000).

The carrying amounts of plant and machinery held under finance leases amount to \$1,260,000 (2014: \$1,736,000) at the balance sheet date.

- (b) Bank borrowings are secured on leasehold buildings of the Group with carrying amounts of \$1,558,000 in the financial year ended 2014. The charge on the leasehold buildings was released during the financial year ended 2015.

- (c) During the financial year, the Group revised the useful life of the dormitory from 3 years to 2 years. Dormitory's useful life is dependent on the renewal of Temporary Occupation Licence ("TOL") for use of state land with HDB which is on yearly basis. The revision in estimate has been applied on prospective basis from 1 July 2014. The effect of the above revision on depreciation charge in current and future periods are as follows:

	2015 \$'000	2016 \$'000
Decrease in depreciation expense	(613)	(306)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 18 Property, plant and equipment (Cont'd)

(d) As at 30 June 2015, the details of the Group's leasehold buildings are as follows:

Location	Description	Existing use	Tenure/lease term
24 Kranji Road, Singapore 739465	Building	Workshop/office/ storage of construction equipment	Leasehold/ 30 years expiring 30 September 2018

On 26 August 2014, the lessor, JTC Corporation granted an extension on the lease for another 2 years, until 30 September 2020.

## 19 Investment properties

	Group	
	2015 \$'000	2014 \$'000
<u>Cost</u>		
Beginning of financial year	320	-
Transfer from property, plant and equipment (Note 18)	-	320
End of financial year	320	320
<u>Accumulated depreciation</u>		
Beginning of financial year	84	-
Transfer from property, plant and equipment (Note 18)	-	84
Depreciation charge	7	-
End of financial year	91	84
<b>Net book value</b>		
<b>End of financial year</b>	<b>229</b>	<b>236</b>
Fair value for disclosure purposes only:		
Fair value at the end of financial year	750	579
The following amounts are recognised in profit or loss:		
Rental income (Note 5)	46	18
Direct operating expenses arising from:		
- Investment properties that generate rental income	(3)	(7)

Investment properties are leased to non-related parties under operating leases (Note 32(b)).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 19 Investment properties (Cont'd)

As at 30 June 2015, the details of the Group's investment properties are as follows:

Location	Description	Existing use	Tenure/lease term
19 Woodland Industrial Park E1 #02-02, Singapore 757719	Office unit	Office unit	Leasehold/ 60 years expiring 8 January 2055
19 Woodland Industrial Park E1 #02-03, Singapore 757719	Office unit	Office unit	Leasehold/ 60 years expiring 8 January 2055

### Fair value hierarchy – Recurring fair value measurements

Description	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
<b>30 June 2015</b>			
Investment properties:			
– Office units #02-02	–	377	–
– Office units #02-03	–	373	–
<b>30 June 2014</b>			
Investment properties:			
– Office units #02-02	–	291	–
– Office units #02-03	–	288	–

### Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's investment properties have been generally using the market value approach, by making reference to sales evidence as available in the market and where appropriate on the basis of capitalisation of the net rental income. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.

The management have valued the investment properties to be approximately \$750,000 (2014: \$579,000) based on the valuations determined by the reference to Singapore Real Estate Exchange. The management has also taken into consideration the current property measures and economic conditions in their review and estimation of the fair value of the investment properties.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 20 Trade and other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables				
– Non-related parties	15,143	7,360	46	34
– Non-controlling interests	176	–	–	–
	15,319	7,360	46	34
Construction contracts				
– Due to customers (Note 14)	110	89	–	–
Non-trade payables				
– Director	5	11	5	11
– Non-controlling interests	200	44	–	–
– Subsidiary	–	–	345	83
	205	55	350	94
Deposits	67	64	–	–
Accrued operating expenses	16,265	12,975	249	195
	31,966	20,543	645	323

Non-trade payables to a director is unsecured, interest-free and is payable on demand.

Non-trade payables to a subsidiary and non-controlling interests are unsecured, interest-free and repayable on demand.

## 21 Borrowings

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Current</b>				
Bank borrowings	5,667	667	4,000	–
Finance lease liabilities (Note 22)	216	357	–	–
	5,883	1,024	4,000	–
<b>Non-current</b>				
Bank borrowings	23,264	11,053	–	–
Finance lease liabilities (Note 22)	992	1,207	–	–
	24,256	12,260	–	–
Total borrowings	30,139	13,284	4,000	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 21 Borrowings (Cont'd)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
6 months or less	515	511	-	-
6-12 months	5,509	513	4,000	-
Between one and five years	24,115	12,260	-	-
	<b>30,139</b>	13,284	<b>4,000</b>	-

### (a) Security granted

Bank borrowings were secured by, amongst others, deed of charge over certain contract proceeds and receivables, mortgages over the Group's properties.

Bank borrowings and finance lease liabilities are secured by corporate guarantees given by the Company.

Finance lease liabilities of the Group are effectively secured over the leased plant and machinery (Note 18) as the legal title are retained by lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

### (b) Fair value of non-current borrowings

The fair value are determined from the cash flow analysis, discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2015 \$'000	2014 \$'000
Bank borrowings	20,680	10,072
Finance lease liabilities	788	1,163
	Group	
	2015	2014
Bank borrowings	5.35% to 5.44%	5.35%
Finance lease liabilities	4.12%	2.20%

The fair values are within Level 2 of the fair values hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 22 Finance lease liabilities

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

	Group	
	2015	2014
	\$'000	\$'000
Minimum lease payments due		
– Not later than one year	381	388
– Between one and five years	876	1,256
	<b>1,257</b>	1,644
Less: Future finance charges	(49)	(80)
Present value of finance lease liabilities	<b>1,208</b>	1,564

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

Not later than one year (Note 21)	216	357
Later than one year (Note 21)	992	1,207
Total	<b>1,208</b>	1,564

## 23 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follow:

	Group	
	2015	2014
	\$'000	\$'000
Deferred income tax assets		
– to be recovered within one year	94	6
Deferred income tax liabilities		
– to be settled within one year	245	20

Movement in deferred income tax account is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Beginning of financial year	14	(52)
Tax charge to profit or loss (Note 9(a))	117	66
Underprovision in prior years (Note 9(a))	20	–
End of financial year	<b>151</b>	14

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 23 Deferred income taxes (Cont'd)

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

### Group

#### *Deferred income tax assets*

	Tax losses \$'000	Provisions \$'000	Total \$'000
<b>2015</b>			
Beginning of financial year	(65)	(22)	(87)
Charged/(credited) to profit and loss	(31)	1	(30)
End of financial year	<b>(96)</b>	<b>(21)</b>	<b>(117)</b>
<b>2014</b>			
Beginning of financial year	–	(97)	(97)
Charged/(credited) to profit and loss	(65)	75	10
End of financial year	<b>(65)</b>	<b>(22)</b>	<b>(87)</b>

#### *Deferred income tax liabilities*

	Accelerated tax depreciation \$'000
<b>2015</b>	
Beginning of financial year	101
Charged to profit and loss	167
End of financial year	<b>268</b>
<b>2014</b>	
Beginning of financial year	45
Charged to profit and loss	56
End of financial year	<b>101</b>

Deferred income tax assets are recognised for provision for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of \$191,000 (2014: Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirement by those companies with unrecognised tax losses in Singapore. The tax losses have no expiry date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 24 Share capital

	Group and Company Issued and Number of shares '000		paid-up share capital \$'000
<b>30 June 2015 and 2014</b>			
Beginning and end of financial year	<b>170,000</b>		<b>15,196</b>

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

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

## 25 Retained profits

- (a) Retained profits of the Group and the Company are distributable.
- (b) Movement in retained profits/(accumulated losses) for the Company is as follows:

	Company	
	2015 \$'000	2014 \$'000
Beginning of financial year	248	(343)
Net profits	7,892	2,291
Dividend paid (Note 28)	(1,360)	(1,700)
End of financial year	<b>6,780</b>	248

## 26 Currency translation reserve

	Group	
	2015 \$'000	2014 \$'000
Beginning of the financial year	(2)	-
Currency translation differences arising from consolidation	(313)	(2)
End of financial year	<b>(315)</b>	(2)

## 27 Merger reserve

Merger reserve represents the difference between the cost of investment and nominal value of share capital of the subsidiaries acquired under common control.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 28 Dividends

	Group	
	2015	2014
	\$'000	\$'000
<i>Ordinary dividends declared and paid</i>		
First and final exempt (one-tier) dividend paid in respect of the previous financial year of \$0.08 (2014: \$0.01) per share	<b>1,360</b>	1,700

At the coming Annual General Meeting, a final exempt dividend of 0.8 cents per share amounting to a total of \$1,360,000 will be recommended. The financial statements do not reflect these dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2016.

## 29 Immediate and ultimate holding company

The Company's immediate and ultimate holding company is Yi Investment Pte. Ltd., a company incorporated in Singapore.

## 30 Related party transactions

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

### (a) Sales and purchases of goods and services

	Group	
	2015	2014
	\$'000	\$'000
Advisory fees paid to a director	48	48
Facility fees paid to a director	10	–

### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Salaries and bonuses	1,501	1,500
Directors' fees	130	130
Employer's contribution to defined contribution plans including Central Provident Fund	67	75
Other short-term benefits	198	216
	<b>1,896</b>	1,921

Included in the above is total compensation to executive directors of the Company amounting to \$1,337,000 (2014: \$1,347,000).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 31 Contingent liabilities

The Company has issued corporate guarantees for borrowings of its subsidiaries. These borrowings of the subsidiaries amounted to \$26,139,000 (2014: \$13,284,000) at the balance sheet date.

The Company has evaluated and is of the view that both the fair values of the corporate guarantees and the consequential liabilities derived from its guarantees to the banks with regard to the subsidiaries are minimal. The subsidiaries for which the guarantees were provided are in favourable equity positions and are profitable, with no default in the payment of borrowings and credit facilities.

## 32 Commitments

### (a) Operating lease commitments – where the Group is a lessee

The Group leases dormitory for workers, office equipment and office under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are analysed as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	397	447
Between one and five years	152	400
	549	847

### (b) Operating lease commitment – where the Group is a lessor

The Group leases out leasehold properties to non-related parties under non-cancellable operating lease. The leases have ranging terms, escalation clauses and renewal rights.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	38	26
Between one and five years	4	27
	42	53

## 33 Financial risk management

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board of Directors establishes the detail policies such as authority levels, oversight responsibilities, risk identification and measurement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 33 Financial risk management (Cont'd)

The overall business strategies of the Group, its tolerance for risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions. In determining its risk management policies, the management ensures that an acceptable balance is made between the cost of risks occurring and the cost of managing the risks.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

### (a) Market risk

#### (i) Currency risk

	SGD \$'000	MYR \$'000	Total \$'000
<b>At 30 June 2015</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5,469	123	5,592
Trade and other receivables	41,356	73	41,429
Inter-company balances	11,073	1,591	12,664
Other financial assets	535	–	535
	<b>58,433</b>	<b>1,787</b>	<b>60,220</b>
<b>Financial liabilities</b>			
Borrowings	19,061	11,078	30,139
Trade and other payables	29,648	2,208	31,856
Inter-company balances	10,243	2,421	12,664
	<b>58,952</b>	<b>15,707</b>	<b>74,659</b>
<b>Net financial liabilities</b>	<b>(519)</b>	<b>(13,920)</b>	<b>(14,439)</b>
<b>Currency exposure of financial liabilities net of those denominated in the respective entities functional currency</b>	<b>–</b>	<b>(13,920)</b>	<b>(13,920)</b>
<b>At 30 June 2014</b>			
<b>Financial assets</b>			
Cash and cash equivalents	9,781	108	9,889
Trade and other receivables	26,938	–	26,938
Inter-company balances	4,055	–	4,055
Other financial assets	485	–	485
	<b>41,259</b>	<b>108</b>	<b>41,367</b>
<b>Financial liabilities</b>			
Borrowings	13,284	–	13,284
Trade and other payables	20,022	432	20,454
Inter-company balances	4,055	–	4,055
	<b>37,361</b>	<b>432</b>	<b>37,793</b>
<b>Net financial liabilities</b>	<b>3,898</b>	<b>(324)</b>	<b>3,574</b>
<b>Currency exposure of financial liabilities net of those denominated in the respective entities functional currency</b>	<b>–</b>	<b>(324)</b>	<b>(324)</b>

If the MYR changes against the SGD by 3% (2014: 5%) with all over variables including tax rate being held constant, the effect arising from the net financial position will be \$335,000 (2014: \$13,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 33 Financial risk management (Cont'd)

### (a) Market risk (Cont'd)

#### (ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest rate risk mainly arises from bank borrowings at variable interest rates. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain the operations of the Group.

The effective interest rates for the bank borrowings ranged from 1.5% to 2% per annum above Bank's Cost of Funds for financial year ended 2015 and 2014.

If the interest rates increases/decreases by 1% (2014: 1%) with all other variables including tax rate being held constant, the effect to the net profit after tax of the Group would have been lower/higher by \$1,320,000 (2014: \$383,000) and \$615,000 (2014: \$123,000) respectively as a result of higher/lower interest expense on these borrowings.

### (b) Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of focusing on government bodies as its customers due to their low default risk on billings and payments. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the directors based on going credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by directors. The trade receivables of the Group comprise 4 debtors (2014: 2 debtors) that individually represented more than 10% of trade receivables.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

	Company	
	2015 \$'000	2014 \$'000
Corporate guarantee provided to banks on subsidiaries' borrowings (Note 31)	<b>26,139</b>	13,284

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 33 Financial risk management (Cont'd)

### (b) Credit risk (Cont'd)

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

	Group	
	2015 \$'000	2014 \$'000
By types of customers		
Government bodies	2,575	5,839
Other companies	1,984	744
	4,559	6,583

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

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

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

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

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

	Group	
	2015 \$'000	2014 \$'000
Past due < 3 months	514	661
Past due 3 to 6 months	84	67
Past due over 6 months	332	265
	930	993

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and having an adequate amount of committed credit facilities to enable it to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and flexibility through the use of bank borrowings, bank overdrafts and finance lease liabilities. As at balance sheet date, assets held by the Group for managing liquidity risks included cash as disclosed in Note 11.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 33 Financial risk management (Cont'd)

### (c) Liquidity risk (Cont'd)

	Within 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Total \$'000
<b>Group</b>				
<b>30 June 2015</b>				
Trade and other payables	31,856	–	–	31,856
Borrowings	6,739	12,869	11,735	31,343
Finance lease liabilities	381	685	190	1,256
	<b>38,976</b>	<b>13,554</b>	<b>11,925</b>	<b>64,455</b>
<b>30 June 2014</b>				
Trade and other payables	20,454	–	–	20,454
Borrowings	888	11,296	–	12,184
Finance lease liabilities	388	723	533	1,644
	21,730	12,019	533	34,282
				<b>Within 1 year \$'000</b>
<b>Company</b>				
<b>30 June 2015</b>				
Trade and other payables				645
Financial guarantees contracts (Note 31)				26,139
				<b>26,784</b>
<b>30 June 2014</b>				
Trade and other payables				323
Financial guarantees contracts (Note 31)				13,828
				<b>14,151</b>

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on the Group's gearing ratio and compliance of externally imposed capital requirements. The Group's strategy is to maintain: (i) gearing ratio and (ii) net tangible worth at not less than \$8 million (2014: \$8 million) at all times.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as finance lease liabilities plus borrowings and trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 33 Financial risk management (Cont'd)

### (d) Capital risk (Cont'd)

#### (i) Gearing ratio

	Group	
	2015 \$'000	2014 \$'000
Net debt	56,403	23,849
Total equity	25,966	23,902
Total capital	82,369	47,751
Gearing ratio	68.5%	49.9%

#### (ii) Net tangible worth

Net tangible worth is calculated as total assets less total liabilities.

	Group	
	2015 \$'000	2014 \$'000
Total assets	88,709	58,225
Total liabilities	(62,743)	(34,323)
Net worth	25,966	23,902

The Group is in compliance with all externally imposed capital requirements for the financial year ended 30 June 2015 and 2014.

### (e) Fair value measurements

The carrying amount of trade receivables and payables are, assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rates that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying values.

### (f) Financial instruments by category

The carrying amount at the different categories of financial instruments is disclosed on the face of the balance sheet and in the note to the financial statements, except the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Loans and receivables	47,556	37,191	6,489	4,127
Financial liabilities at amortised cost	61,995	33,738	4,645	323

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 34 Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes. Currently the business segments operate in Singapore and Malaysia.

Other services included in Singapore are investment holding and soil investigation activities, which are not included within the reportable operating segments, as these are not included in the reports provided to the Board of Directors. The results of these operations, if any, are included in the "unallocated segments".

The Group's activities comprise the following reportable segments:

- (i) General building which involved in construction & building and maintenance works such as excavation, piling, sub-structures and superstructures works, architectural works, aluminum cladding and curtain walling, mechanical and engineering works, supply and installation of furniture/interior fitting-out works, external works, and landscaping.
- (ii) Precast manufacturing which involved in trading and manufacturing of concrete precast products.
- (iii) Properties investment involved investment in and trading of and development of residential properties.

	General building activity \$'000	Precast manufacturing activity \$'000	Properties investment \$'000	Elimination \$'000	Total \$'000
<b>Group</b>					
<b>2015</b>					
<b>Revenue</b>					
– External	128,185	189	–	–	128,374
– Inter-segment	–	2,553	–	(2,553)	–
	<b>128,185</b>	<b>2,742</b>	<b>–</b>	<b>(2,553)</b>	<b>128,374</b>
<b>Gross profit</b>	<b>11,125</b>	<b>(318)</b>	<b>–</b>	<b>(31)</b>	<b>10,776</b>
Other income					2,337
Unallocated costs					(8,745)
Finance expense					(146)
Profit before income tax					4,222
Income tax expense					(485)
<b>Net profit</b>					<b>3,737</b>
Net profit includes:					
– Depreciation	1,786	394	–	–	2,180
<b>Segment assets</b>	<b>43,950</b>	<b>4,577</b>	<b>31,996</b>	<b>–</b>	<b>80,523</b>
Total assets includes:					
Additions to property, plant and equipment	1,013	2,681	11	–	3,705
Additions to development properties	–	–	17,673	–	17,673
<b>Segment liabilities</b>	<b>28,686</b>	<b>5,592</b>	<b>22,617</b>	<b>–</b>	<b>56,895</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 34 Segment information (Cont'd)

	General building activity \$'000	Precast manufacturing activity \$'000	Properties investment \$'000	Total \$'000
<b>Group</b>				
<b>2014</b>				
<b>Revenue</b>	114,929	–	–	114,929
<b>Gross profit</b>	10,300	–	–	10,300
Other income				1,239
Unallocated costs				(6,309)
Finance expense				(26)
Profit before income tax				5,204
Income tax expense				(304)
<b>Net profit</b>				4,900
Net profit includes:				
– Depreciation	1,238	3	–	1,241
<b>Segment assets</b>	32,531	1,037	14,307	47,875
Total assets includes:				
Additions to property, plant and equipment	3,317	1,040	–	4,357
Additions to development properties	–	–	14,307	14,307
<b>Segment liabilities</b>	20,852	1,431	10,720	33,003

The Board of Directors assesses the performance of the operating segments based on the gross profit. Administrative, distribution and marketing, income tax expense, finance expenses, and other income are not allocated to segments.

### Reportable segments' assets are reconciled to total assets as follows:

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the property, plant and equipment, investment properties, development properties, construction contract work-in-progress and receivables attributable to each segment. All assets are allocated to reportable segments other than cash and cash equivalents, other current assets, other receivables, and deferred income tax assets.

	2015 \$'000	2014 \$'000
Segment assets for reportable segments	80,523	47,875
Unallocated:		
– Cash and cash equivalents	5,592	9,889
– Other current assets	657	423
– Other receivables	1,843	32
– Deferred income tax assets	94	6
	88,709	58,225



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 34 Segment information (Cont'd)

### Reportable segments' liabilities are reconciled to total liabilities as follows:

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

	2015 \$'000	2014 \$'000
Segment liabilities for reportable segments	56,895	33,003
Unallocated:		
– Other payables	1,210	824
– Borrowings	4,000	–
– Income tax liabilities	393	476
– Deferred income tax liabilities	245	20
	<b>62,743</b>	<b>34,323</b>

### Geographical information

Segment assets are based on the geographical location of the assets. The Group's general building activities are domiciled in Singapore and its precast manufacturing company was established in Johor, Malaysia since September 2013. The property development activities are domiciled in both Singapore and Malaysia.

	Group	
	2015 \$'000	2014 \$'000
<b>Non-current assets</b>		
Singapore	4,685	5,449
Malaysia	3,241	1,037
	<b>7,926</b>	<b>6,486</b>

### Information about major customers

Revenue of approximately \$125,066,000 (2014: \$114,590,000) are derived from government bodies.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

## 35 New or revised accounting standards and interpretations

Below are the mandatory accounting standards and amendments to existing accounting standards that have been published and relevant for the Group's accounting periods beginning on or after 1 July 2015 which the Group has not early adopted:

*Effective for annual periods beginning on or after 1 January 2016*

- Amendments to FRS 1: Disclosure Initiative
- Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- FRS 114 Regulatory Deferral Accounts
- Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants
- Improvements to FRSs (November 2014)
- FRS 107 Financial Instruments: Disclosures
- FRS 19 Employee Benefits

*Effective for annual period beginning on or after 1 January 2017*

- FRS 115 Revenue from Contracts with Customers

*Effective for annual period beginning on or after 1 January 2018*

- FRS 109 Financial Instruments

The management anticipates that the adoption of the above FRS's and amendments to FRS in the future period will not have material impact on the financial statements of the Group and of the Company in the period of initial adoption.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2015

**SHARE CAPITAL**

Issued and fully paid-up capital	:	S\$15,195,670.00
No. of ordinary shares	:	170,000,000 shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote for each ordinary share
Treasury shares	:	Nil

**DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS**

AS AT 17 SEPTEMBER 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	8	4.79	5,900	0.00
1,001 – 10,000	49	29.34	344,000	0.20
10,001 – 1,000,000	94	56.29	6,775,400	3.99
1,000,001 and above	16	9.58	162,874,700	95.81
<b>TOTAL</b>	<b>167</b>	<b>100.00</b>	<b>170,000,000</b>	<b>100.00</b>

**TOP TWENTY LARGEST SHAREHOLDERS AS AT 17 SEPTEMBER 2015**

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	YI INVESTMENT PTE LTD	88,400,000	52.00
2	ONG SIEW ENG	14,873,600	8.75
3	PHUA LAM SOON	14,701,600	8.65
4	UOB KAY HIAN PTE LTD	14,582,000	8.58
5	LIM CHYE KIM	6,827,000	4.02
6	PHILLIP SECURITIES PTE LTD	3,906,800	2.30
7	LIM CHIN TONG	3,237,000	1.90
8	ONG AH SIEW	2,524,500	1.49
9	MAYBANK KIM ENG SECURITIES PTE LTD	2,413,900	1.42
10	VSTL INVESTMENT LTD	2,259,100	1.33
11	BOH GEOK YUEN (MO YUYAN)	2,172,000	1.28
12	TAN YEW MENG	1,843,700	1.08
13	NG KOK SENG (HUANG GUOSHENG)	1,490,000	0.88
14	BOH GEOK LING (MO YULING)	1,311,000	0.77
15	LIM LAI HIONG	1,220,000	0.72
16	ASIAN TRUST INVESTMENT PTE LTD	1,112,500	0.65
17	TAN ENG SENG	807,800	0.48
18	SEOW WHYE TECK	400,000	0.24
19	ONG GEOK KAIM	290,000	0.17
20	ANG CHENG HO	250,000	0.15
	<b>Total:</b>	<b>164,622,500</b>	<b>96.86</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2015

## SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 17 September 2015

Name of substantial shareholders	Direct interest		Deemed interest	
	No. of ordinary shares	%	No. of ordinary shares	%
Yi Investment Pte Ltd <sup>(1)</sup>	88,400,000	52.00%	–	–
Phua Lam Soon <sup>(1) (2)</sup>	14,701,600	8.65%	103,273,600	60.75%
Ong Siew Eng <sup>(1) (3)</sup>	14,873,600	8.75%	103,101,600	60.65%
Asian Trust Investment Pte Ltd <sup>(4)</sup>	1,112,500	0.65%	8,400,000	4.94%
Pai Keng Pheng <sup>(5)</sup>	–	–	9,512,500	5.60%
Pai Kheng Hian <sup>(6)</sup>	–	–	9,512,500	5.60%

1 Yi Investment Pte. Ltd. is an investment holding company incorporated in the Republic of Singapore. The shareholders of Yi Investment Pte. Ltd. are our CEO, Phua Lam Soon (50.00%) and our Executive Director, Ong Siew Eng (50.00%). Accordingly, Phua Lam Soon and Ong Siew Eng are deemed to be interested in 88,400,000 shares in Logistics Holdings Limited held by Yi Investment Pte. Ltd.

2 Our CEO, Phua Lam Soon, is the spouse of our Executive Director, Ong Siew Eng. Accordingly, Phua Lam Soon is deemed to be interested in 14,873,600 shares in Logistics Holdings Limited held by Ong Siew Eng.

3 Our Executive Director, Ong Siew Eng, is the spouse of our CEO, Phua Lam Soon. Accordingly, Ong Siew Eng is deemed to be interested in 14,701,600 shares in Logistics Holdings Limited held by Phua Lam Soon.

4 The deemed interest of Asian Trust Investment Pte Ltd is held through a custodian account with UOB Kay Hian Pte Ltd.

5 Pai Keng Pheng holds 50.0% shareholding interests in Asian Trust Investment Pte Ltd and is therefore deemed interested in 9,512,500 shares in Logistics Holdings Limited held by Asian Trust Investment Pte Ltd.

6 Pai Kheng Hian holds 50.0% shareholding interests in Asian Trust Investment Pte Ltd and is therefore deemed interested in 9,512,500 shares in Logistics Holdings Limited held by Asian Trust Investment Pte Ltd.

## SHAREHOLDINGS IN THE HANDS OF PUBLIC

As at 17 September 2015, approximately 22.57% of the issued ordinary shares of the Company were held in the hands of the public based on the information available to the Company. Accordingly, the Company has complied with Rule 723 of the Rules of Catalyst of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING WILL BE HELD AT ORCHID COUNTRY CLUB, 1 ORCHID CLUB ROAD, #02-35 PEACH GARDEN, SINGAPORE 769162 ON THE 29<sup>TH</sup> DAY OF OCTOBER 2015 AT 4.00 PM**

## **TO TRANSACT THE FOLLOWING AS ORDINARY BUSINESS**

1. To receive and, if approved, to adopt the Audited Accounts for the financial year ended 30 June 2015 (“**FY2015**”) together with the Directors’ Report and Auditor’s Report thereon. **(Resolution 1)**
2. To declare a first and final tax exempt (one-tier) dividend of 0.80 Singapore cents (S\$0.0080) per ordinary share for FY2015. **(Resolution 2)**
3. To approve the payment of S\$138,600 as Directors’ Fees for the financial year ending 30 June 2016, to be paid on a quarterly basis in arrears. **(Resolution 3)**
4. To re-elect Mr Chen Timothy Teck-Leng who is retiring under Article 107 of the Articles of Association, as Director of the Company.

*Mr Chen Timothy Teck-Leng will, upon such re-election, remain as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee of the Company. Mr Chen Timothy Teck-Leng will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Rules of Catalist**”).*

**(Resolution 4)**

*[See Explanatory Note (1)]*

5. To re-elect Mr Pao Kiew Tee who is retiring under Article 107 of the Articles of Association, as Director of the Company.

*Mr Pao Kiew Tee will, upon such re-election, remain as the Non-Executive Chairman of the Board, the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company. Mr Pao Kiew Tee will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.*

**(Resolution 5)**

*[See Explanatory Note (1)]*

6. To re-appoint Messrs Nexia TS Public Accounting Corporation, Chartered Accountants, as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business that may be properly transacted at an annual general meeting.

## **TO TRANSACT THE FOLLOWING SPECIAL BUSINESS**

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

8. **AUTHORITY TO ALLOT AND ISSUE SHARES IN THE CAPITAL OF THE COMPANY (THE “SHARE ISSUE MANDATE”)**

**THAT** pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 of Singapore (the “**Act**”) and Rule 806 of the Listing Manual – Section B: Rules of Catalist (“**Rules of Catalist**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Directors be and are hereby authorised and empowered to:

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

# NOTICE OF ANNUAL GENERAL MEETING

- (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) options, 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 of the Company may, in their absolute discretion deem fit; and

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

provided that:–

- (i) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) of the Company (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 the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) of the Company at the time this Resolution is passed after adjusting for:–

- (1) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
- (2) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
- (3) any subsequent bonus issue, consolidation or sub-division of Shares.

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

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

**(Resolution 7)**

*[See Explanatory Note (2)]*

BY ORDER OF THE BOARD

**PAO KIEW TEE**  
NON-EXECUTIVE CHAIRMAN AND INDEPENDENT DIRECTOR

Date: 13 October 2015

# NOTICE OF ANNUAL GENERAL MEETING

**Notes:**

- (1) A member entitled to attend and vote at the annual general meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (2) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
- (3) If the member is a corporation, the instrument appointing a proxy must be executed under its common seal or the hand of its duly authorised officer or attorney.
- (4) The instrument appointing a proxy must be deposited at the registered office of the Company at 24 Kranji Road, Singapore 739465 not less than forty-eight (48) hours before the time appointed for holding the annual general meeting.

**Explanatory Notes:**

- (1) Please refer to the Section "Board of Directors" in the annual report for the financial year ended 2015 for information on Mr Chen Timothy Teck-Leng and Mr Pao Kiew Tee.
- (2) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors from the date of the above annual general meeting until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) of the Company at the time of passing this Resolution. For allotment and issue of Shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares and convertible securities to be allotted and issued shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) of the Company at the time of passing this Resolution.

**Personal Data Privacy:**

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

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## PROXY FORM

Please see notes overleaf before completing this Form)

## LOGISTICS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201224643D

I/We \_\_\_\_\_ (Name) NRIC/Passport No./Company Registration No. \_\_\_\_\_  
of \_\_\_\_\_ (Address)

being a \*member/members of LOGISTICS HOLDINGS LIMITED (the "Company") hereby appoint:-

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

\* and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the annual general meeting of the Company (the "AGM") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM to be held at Orchid Country Club, 1 Orchid Club Road, #02-35 Peach Garden, Singapore 769162 on 29 October 2015 at 4.00 p.m. and at any adjournment thereof.

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

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

No.	Resolutions relating to:	For	Against
<b>Ordinary Business</b>			
1	Adoption of Audited Accounts, Directors' Report and Auditor's Report for the financial year ended 30 June 2015		
2	Declaration of first and final dividend (tax-exempt one-tier) of 0.80 Singapore cents (S\$0.008) per ordinary share for the financial year ended 30 June 2015		
3	Payment of Director' Fees amounting to S\$138,600 for the financial year ending 30 June 2016, to be paid on a quarterly basis in arrears.		
4	Re-election of Mr Chen Timothy Teck-Leng as a Director of the Company		
5	Re-election of Mr Pao Kiew Tee as a Director of the Company		
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration		
<b>Special Business</b>			
7	General authority to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

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

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



**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 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
- 2 A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.
- 3 Where a member appoints two (2) proxies, he/she shall specify the percentage of his/her shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent one hundred per cent (100%) of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- 4 A proxy need not be a member of the Company.
- 5 The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company, at 24 Kranji Road, Singapore 739465 not less than forty-eight (48) hours before the time appointed for the AGM.
- 6 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
- 7 Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting.
- 8 The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
- 9 In the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register not less than forty-eight (48) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

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





寶特 LOGISTICS

**寶特控股有限公司**  
**LOGISTICS HOLDINGS LIMITED**

Company Registration No. 201224643D  
24 Kranji Road | Singapore 739465  
Tel: 6891 0831 Fax: 6891 0835

