# 800 SUPER HOLDINGS LIMITED

八百控股有限公司


2014

ANNUAL REPORT

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

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

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

# CORPORATE **PROFILE**

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

## WASTE MANAGEMENT SERVICES

Our waste management services include residential, commercial and industrial waste collection, as well as recycling services. We are one of the four licensed public waste collectors appointed by The National Environment Agency ("NEA"). We have also been re-awarded a public waste collection contract for a period of 7 years and 9 months commencing from 1 January 2014 to provide waste collection services for the residential and trade premises in the Ang Mo Kio – Toa Payoh sector. This includes public housing estates, shop houses, trade premises, landed residential premises, as well as private apartments and condominiums which have opted through NEA to engage our services.

### RECYCLING SERVICES

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

Our two Material Recovery Facilities ("MRF") are also NEA-approved and well-equipped to sort paper and glass bottles, metal cans, paper products, plastics and other materials that fall under the recyclable category.



These recyclable materials are then separated, compacted and packed into bales, which are then sold to local and overseas customers, providing another source of income for the Company.

## CLEANING AND CONSERVANCY SERVICES

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

### INTEGRATED PUBLIC CLEANING SERVICES

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

### CONTRACT CLEANING SERVICES

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

## HORTICULTURAL SERVICES

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

# CHAIRMAN'S **STATEMENT**

**DEAR SHAREHOLDERS,**

In FY2014, several integrated public cleaning contracts managed by NEA were put up for tender. The Group was honoured to be awarded the IPC contracts for the North-west & South-west regions of Singapore in February and July 2014 respectively. With both IPC contracts awarded to the Group, the Group has successfully expanded its market share in the public cleaning sector managed by NEA.

To support the operational needs at the North-west and South-west regions of Singapore for the two IPC contracts awarded, the Group had in August 2014 acquired a property at No. 18 Sungei Kadut Street 4, Singapore 729046.

## YEAR IN REVIEW

On behalf of the Board of Directors ("Board") of 800 Super Holdings Limited ("800 Super" or the "Company" and together with its subsidiaries, the "Group"), we are pleased to share that the Group has achieved growth in revenue and significant improvements in profits for the financial year ended 30 June 2014 ("FY2014"). In FY2014, revenue increased by 17.9% to S$115.0 million and net profit after tax improved by 57.1% to S$9.1 million from the financial year ended 30 June 2013 ("FY2013").

The increase in revenue is mainly contributed by renewal of existing contracts at revised pricing as well as the award of new contracts, which includes the re-award of public waste collection licence for the provision of waste collection service to the domestic and trade premises in the Ang Mo Kio – Toa Payoh sector of Singapore and the award of the IPC contract for the North-west region of Singapore.

The surge in the Group's FY2014 profits was contributed mainly by the Group's greater focus on cost containment, without compromising on our service quality. The cost savings derived from supplies and disposal charges and subcontractor cost were partially offset by higher employee expenses, depreciation, finance costs and other expenses.

The strong performance in FY2014 resulted in an increase in the Group's earnings per share by 56.1% from 3.21 cents in FY2013 to 5.01 cents in FY2014. Correspondingly, net asset value per share grew by 20.9% from 19.20 cents in FY2013 to 23.21 cents in FY2014.

## DIVIDENDS

The Board is pleased to propose a tax exempt one-tier final dividend of S$0.01 per ordinary share in respect of FY2014 to be approved at the forthcoming Annual General Meeting of the Company.

## LOOKING AHEAD

In addition to seeking growth from expansion of our market share in Singapore, we will continue to explore new opportunities for growth in the region so as to continue delivering value to our shareholders.

In line with creating value for our shareholders, the Company had on 3 September 2014, announced the disposal of its entire 70% equity interest in Focus Learning Centre Pte Ltd ("FLC"), a joint venture company with XpRienz Pte Ltd, following the Company's assessment that it is no longer economically beneficial to maintain the FLC business within the Group. FLC is principally engaged in providing job training and vocational rehabilitation services, as well as corporate training services and motivational courses.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere appreciation to all our business partners, bankers, suppliers, and to our customers and shareholders for their continued support and faith in us.

I would also like to thank our management team and staff for their commitment and dedication. Their dedication, expertise and efficiency have greatly contributed to the Group's commendable performance.

Yours sincerely,

**Lee Koh Yong**
**Chairman**

# 主席致辞

尊敬的各位股东，

在截至2014年6月30日的财政年度(简称“2014财年”)，新加坡环境局针对其管辖下的综合性公共清洁项目进行招标。本集团分别在2014年2月和7月赢得了西北区和西南区的综合性公共清洁服务(IPC)合约。随着这两份IPC合约的签订，本集团成功扩大了新加坡环境局治下公共清洁行业的市场份额。为满足这两份合约在新加坡西北区和西南区的运营需求，本集团在2014年8月份收购了一处物业在新加坡729046邮区，门牌18号双溪加株街道4。

我代表八百控股有限公司(简称“八百控股”或“本公司”，加上子公司则统称“本集团”)的董事会很高兴地向大家宣布，本集团在2014财年成功实现营收和利润的增长。2014财年的营收达到1.15亿新币，同比截至2013年6月30日的财政年度(简称“2013财年”)增长17.9%；税后净利润为910万新币，同比2013财年激增57.1%。

营收增长主要得益于现有合约调价续签及新合约的签订，其中包括再次获得向新加坡宏茂桥-大巴窑地区的住户及商家提供废品收集服务的公共废品收集执照，并签订分别为新加坡西北地区提供一体化公共清洁服务(IPC)的合约。

2014财年利润激增的主要原因在于，本集团在不影响服务质量的情况下更加注重成本控制。员工开支、折旧、融资成本和其它支出的增加部分抵消了供应成本、处理费和分包商成本方面节省的费用。

鉴于2014财年的强劲表现，本公司每股盈利从2013财年的3.21分增至5.01分，增长率达到56.1%。相应地，每股净资产值也从2013财年的19.20分增至23.21分，增长率为20.9%。

## 股息

董事会提议，针对2014财年派发每股0.01新币的免税单一最终股息，该决定须在本公司即将召开的年度股东大会上获得股东的批准。

## 展望新的一年

在大力拓展新加坡市场份额的同时，我们也不断发掘海外增长良机，继续为股东创造价值。

经过评估，本公司认为保留Focus Learning Centre Pte (“FLC”)的业务不再符合经济效益，因而于2014年9月3日宣布出售在FLC持有的全部70%股权。FLC是本集团与XpRienz Pte Ltd共同成立的合资公司，主要提供职业培训、职业康复、企业培训和激励课程服务。

## 致谢

本人代表董事会向全体业务伙伴、合作银行、供应商、客户和股东对我们一如继往的支持和信任致以诚挚的谢意。

我们也感谢管理团队及全体员工的付出与贡献。本集团的杰出业绩是多靠他们的奉献精神、卓越才能及出色效率。

此致，

李过洋
主席

# BOARD OF DIRECTORS

## LEE KOH YONG
EXECUTIVE CHAIRMAN

Mr Lee Koh Yong is one of the co-founders of the Group and was appointed to the Board as Executive Chairman on 11 April 2011.

Mr Lee has accumulated extensive industry knowledge and established wide business contacts over the 20 years that he has been in the waste disposal and cleaning industries. Self-taught, Mr Lee contributed significantly to our Group during the early stage of our development and is recognised for founding, leading and building up of our Group.

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

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

## LEE CHENG CHYE
CHIEF EXECUTIVE OFFICER

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

Mr Lee is involved in the corporate planning and business development of our Group and has over 15 years of experience in the waste management and cleaning industries. He has been instrumental in our Group's growth for the past years through securing new tenders as well as understanding our existing customers' needs, by establishing constant contact with them, and keeping up with the changing trends in the industry.

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

He is currently treasurer of the Bishan East Citizens Consultative Committee.

## CHAN TECK EE VINCENT
EXECUTIVE DIRECTOR AND
CHIEF OPERATING OFFICER

Mr Chan was appointed to the Board as Executive Director and Chief Operating Officer on 9 June 2011.

Mr Chan joined the Group since 2005 and has been in charge of overseeing the operations and project management of our Group. He has over 25 years of extensive experience in the recycling and waste management industries.

Mr Chan graduated with a Bachelor of Arts degree from the University of Singapore. He is a member and treasurer of the Executive Committee of Waste Management and Recycling Association of Singapore (WMRAS).

## FOO SHIANG PING
NON-EXECUTIVE DIRECTOR

Mr Foo Shiang Ping was appointed as the Group's Non-executive Director on 9 June 2011. He is also a member of both the Audit Committee and the Remuneration Committee.

Mr Foo 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&A, corporate restructuring transactions, as well as fund-raising activities.

Mr Foo 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. Mr Foo is also a non-executive director of Logistics Holdings Limited which is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He is currently serving as the Vice President and Treasurer of Foo Clan Association and Geylang East Home For the Aged respectively.

# BOARD OF **DIRECTORS**

## NG TIAK SOON
LEAD INDEPENDENT DIRECTOR

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

He retired in June 2005 as a senior partner of Ernst & Young LLP, Singapore, an accounting firm that he had joined since 1986, and later, he remained with Ernst & Young LLP, Singapore as a senior advisor until June 2008.

During his employment with Ernst & Young LLP, Singapore, he held various positions which include head of banking, head of an audit group, partner-in-charge of audit quality review and chief financial officer. He is currently a non-practicing member of the Institute of Singapore Chartered Accountants, a member of the Association of Chartered Certified Accountants, United Kingdom as well as a member of the Singapore Institute of Directors. Currently, he serves as an independent director on the board of St. James Holdings Limited, Cordlife Group Limited and Eurosports Global Limited.

## LYE HOONG YIP RAYMOND
INDEPENDENT DIRECTOR

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

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

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

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

Mr Lye also serves as an independent director on the board of Goodland Group Limited, a company listed on the Mainboard of the SGX-ST.

# KEY EXECUTIVE OFFICERS

## TAN KELLY
FINANCIAL CONTROLLER

Ms Tan oversees the financial reporting, internal controls, treasury functions and taxation of our Group. Ms Tan has over 6 years of experience in the accounting, finance and auditing fields.

Ms Tan joined our Group in June 2011 as a Group Accountant and was promoted to Finance Manager in July 2013. On 7 May 2014, Ms Tan was promoted to Financial Controller. Prior to joining our Group, Ms Tan was with Deloitte & Touche LLP from July 2008 to June 2011 with her last appointment being an Audit Senior.

Ms Tan graduated with a Bachelor of Accountancy (Honours) from the Nanyang Technological University of Singapore and is a Chartered Accountant of Singapore.

## LEE CHUAN HENG
PROJECTS MANAGER

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

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

## LEE KIM ENG
ADMINISTRATIVE & HUMAN RESOURCES MANAGER

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

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

## LIM KIM TAT
OPERATION DIRECTOR

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

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

## TAY SENG HEONG
OPERATIONS MANAGER

Mr Tay first joined our Group in April 2006 as an operations executive and was promoted to Assistant Manager in July 2009 where he was in charge of our Group's waste disposal and recycling operations. He was appointed as our Manager (Operations) in August 2010.

Mr Tay is responsible for the development and implementation of corporate policies and oversees the operations and business development of the waste disposal and recycling businesses. He also has a role in the preparation of proposal submissions for waste disposal projects. Mr Tay is also overall in charge of our customer relationship management team that handles queries and feedback in relation to our waste disposal and conservancy and cleaning services.

Prior to joining our Group, Mr Tay was an operations executive with a company that deals with health products, responsible for servicing and maintaining over 60 of the company's stores, as well as the setting up of road shows and new franchise stores.

Mr Tay graduated from Ngee Ann Polytechnic with a Diploma in Information Technology (Computer Studies).

# OPERATING AND **FINANCIAL REVIEW**


## FINANCIAL PERFORMANCE

The Group's revenue for FY2014 surged 17.9% to S$115.0 million from S$97.5 million in FY2013. The increase in revenue was mainly contributed by projects that were re-awarded with revised pricing and new contracts awarded, such as the re-award of licence to provide waste collection services to domestic and trade premises in the Ang Mo Kio – Toa Payoh sector in Singapore, and the award of contract to provide integrated public cleaning services for the North-west region of Singapore.

As part of the Group's commitment to provide quality service, the Group upgraded its bins and containers and part of its fleet of motor vehicles and machinery and disposed some existing motor vehicles, bins and containers and machinery. The aforementioned disposal resulted in a net loss on disposal in FY2014 of S$89,000.

To support the growth in projects, the Group purchased more motor vehicles, bins and containers and machinery, resulting in an increase in depreciation expense in FY2014 by 39.0% from S$3.2 million in FY2013 to S$4.4 million in FY2014.

Employee benefits expense increased by 22.7% from S$43.6 million in FY2013 to S$53.5 million in FY2014 mainly due to the increase in staff salaries as well as an increase in headcount to cope with new contracts awarded.

Other expenses increased by 17.2% from S$13.8 million in FY2013 to S$16.1 million in FY2014. The increase in other expenses was due mainly to the increase in the cost incurred on foreign worker levies, upkeep of motor vehicles, higher rent expenses due to increase in rental rates for premise and land as well as more machinery and motor vehicles being rented during FY2014 to support the operations of the Group.

The Group's finance cost increased by 35.9% from S$373,000 in FY2013 to S$507,000 in FY2014, mainly due to interest charged on borrowings to fund the purchase of motor vehicles, bins and containers and machinery.

As a result of the above, the Group attained a 57.1% increase in net profit after tax from S$5.8 million in FY2013 to S$9.1 million in FY2014.

## FINANCIAL POSITION

As at 30 June 2014, the capital and reserves attributable to equity holders of the Company increased by S$7.2 million from S$34.3 million in FY2013 to S$41.5 million in FY2014. The increase was contributed mainly by the Group's net earnings attributable to equity holders of the Company of S$9.0 million in FY2014 which was partially offset by a dividend payment of S$1.8 million.

The Group had net current assets of S$18.1 million as at 30 June 2014, as compared to S$16.7 million as at 30 June 2013.

The increase was mainly due to an increase in trade and other receivables due to timing differences of payment from the Group's debtors as at the end of FY2014.

This was offset in part by a decrease in cash and cash equivalents and an increase in short-term borrowings and an increase in trade and other payables at the end of FY2014 mainly due to timing differences of payment to suppliers as at the end of FY2014.

Non-current assets increased by S$17.0 million from S$36.5 million in FY2013 to S$53.5 million in FY2014, mainly due to acquisitions of property, plant and equipment. Non-current liabilities increased by S$11.2 million from S$18.8 million in FY2013 to S$30.0 million in FY2014 mainly due to higher utilisation of bank borrowings to finance the purchase of property, plant and equipment.

## CASH FLOW

Cash and cash equivalents as at 30 June 2014 was lower by S$2.6 million as compared to 30 June 2013 mainly a result of net cash used in investing activities of S$4.4 million for the purchase of property, plant and equipment and net cash used in financing activities of S$3.3 million for the repayment of finance lease liabilities and payment of dividends. These were partially offset by net cash provided by operating activities of S$5.1 million.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**LEE KOH YONG**
*Executive Chairman*

**LEE CHENG CHYE**
*Chief Executive Officer*

**CHAN TECK EE VINCENT**
*Chief Operating Officer and Executive Director*

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

**NG TIAK SOON**
*Lead Independent Director*

**LYE HOONG YIP RAYMOND**
*Independent Director*

## AUDIT COMMITTEE

**NG TIAK SOON** *(Chairman)*

**LYE HOONG YIP RAYMOND**

**FOO SHIANG PING**

## NOMINATING COMMITTEE

**NG TIAK SOON** *(Chairman)*

**LEE CHENG CHYE**

**LYE HOONG YIP RAYMOND**

## REMUNERATION COMMITTEE

**LYE HOONG YIP RAYMOND** *(Chairman)*

**NG TIAK SOON**

**FOO SHIANG PING**

## COMPANY SECRETARY

Ong Wei Jin, LL.B. (Hons)
Goh Wei Lin, LL.B. (Hons)

## REGISTERED OFFICE

No. 17A Senoko Way
Singapore 758056
Tel: (65) 6366 3800
Fax: (65) 6365 3800

## SHARE REGISTRAR

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898

## SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

## INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-in-charge
Kristin YS Kim
Appointed since financial year ended 2013

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PROXY FORM

# CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining good corporate governance to enhance and safeguard the interest of its shareholders. This report describes the corporate governance framework & practices of the Company with reference to the revised Code of Corporate Governance 2012 (the "Code") for the financial year ended 30 June 2014 ("FY2014"). The Company has complied with the principles of the Code where appropriate. Explanations are provided where there are deviations from the Code.

## 1. BOARD MATTERS

### 1.1 The Board's Conduct of its Affairs

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

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

- Providing stewardship to the Company including charting its corporate strategies and business plans;
- Monitoring management's performance;
- Establishing a framework for effective control;
- Providing guidance and advice to management; and
- Being responsible for good corporate governance.

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

The Company's Articles of Association permit the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

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

# CORPORATE GOVERNANCE REPORT

For FY2014, the Board held four (4) meetings. The attendance of the Directors at the meetings of the Board for FY2014 is as follows:

| Directors | No. of Board meetings held | Attendance |
|---|---|---|
| Mr Lee Koh Yong | 4 | 4 |
| Mr Lee Cheng Chye | 4 | 4 |
| Mr Chan Teck Ee Vincent | 4 | 4 |
| Mr Ng Tiak Soon | 4 | 4 |
| My Lye Hoong Yip Raymond | 4 | 4 |
| Mr Foo Shiang Ping | 4 | 4 |

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

Formal letters are issued to newly-appointed Directors upon their appointment, including details of their duties and obligations as Directors. The Company provides orientation programmes for new Directors, and arranges for Directors to be updated on new laws and regulations, as well as industry developments, as deemed appropriate.

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

The Company encourages the Directors to update themselves on new rules and regulations, as well as on any revisions, amendments or updates to laws or regulations and attend courses that would assist them in carrying out their roles. The Company will assist in arranging relevant courses and seminars for the Directors' training as and when necessary. During FY2014, some Directors have attended seminars and trainings conducted by various audit firms and training organisations as appropriate.

# CORPORATE GOVERNANCE REPORT

## 1.2 Board Composition and Guidance

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

The Board currently consists of six (6) Directors and is as follows:

| | |
|---|---|
| Mr Lee Koh Yong | Executive Chairman |
| Mr Lee Cheng Chye | Chief Executive Officer |
| Mr Chan Teck Ee Vincent | Executive Director and Chief Operating Officer |
| Mr Foo Shiang Ping | Non-Executive Director |
| Mr Ng Tiak Soon | Lead Independent Director |
| Mr Lye Hoong Yip Raymond | Independent Director |

The Company endeavours to maintain a strong and independent element on the Board. The Independent Directors presently make up one third of the Board.

The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment of the Group's affairs with a view to the best interests of the Company.

The two (2) Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that would interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement, with a view to the best interests of the Company. The independence of each Director is reviewed annually by the Nominating Committee in accordance with the definition of independence in the Code.

The Nominating Committee has reviewed and is of the view that the two (2) Independent Directors are independent. The Board is aware of Guideline 2.2 of the Code whereby independent directors should make up at least half of the Board where the Chairman of the Board is part of the management team. The Board composition changes will need to be made at the annual general meeting following the end of financial year commencing on or after 1 May 2016. Therefore, the Board would continue to source for suitable candidates to comply with Guideline 2.2 of the Code before the Company's annual general meeting to be held by 31 October 2017. Notwithstanding that less than half the Board are made up of independent directors, the Nominating Committee is of the view that the present composition of the Board allows it to exercise objective judgement on corporate matters and that no individual or small group of individuals dominates the decisions of the Board.

The composition of the Board is reviewed on an annual basis by the Nominating Committee 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 Nominating Committee has reviewed and is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective.

# CORPORATE GOVERNANCE REPORT

The Board considers its current Board size to be appropriate for effective decision-making, taking into account the nature and scope of the Group's operations.

As and when required, the Independent Directors and Non-executive Director will hold meetings without the presence of management and the Executive Directors, in order to facilitate a more effective check on the management and/or the Executive Directors.

### 1.3 Chairman and Chief Executive Officer

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

## 1.4 Board Membership

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

### The Nominating Committee

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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. Directors who are due for retirement are selected on the basis of rotation.

The Nominating Committee has recommended to the Board that Mr Chan Teck Ee Vincent and Mr Lye Hoong Yip Raymond be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. In making the recommendation, the Nominating Committee had considered the overall contribution and performance of aforementioned Directors. Mr Lye Hoong Yip will, upon re-election as a Director, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

| | | | Directorships in other listed companies | |
|---|---|---|---|---|
| **Name of Director** | **Appointment** | **Date of initial appointment/ last re-election** | **Current (As at 27 September 2014)** | **Past 3 Years (Prior to 27 September 2014)** |
| Mr Lee Koh Yong | Executive Chairman | 11 April 2011/ 23 October 2012 | Nil | Nil |
| Mr Lee Cheng Chye | CEO | 9 June 2011/ 25 October 2013 | Nil | Nil |
| Mr Chan Teck Ee Vincent | Executive Director and Chief Operating Officer | 9 June 2011/ 24 October 2011 | Nil | Nil |
| Mr Foo Shiang Ping | Non-Executive Director | 9 June 2011/ 25 October 2013 | Logistics Holdings Limited | Nil |
| Mr Ng Tiak Soon | Lead Independent Director | 9 June 2011/ 23 October 2012 | St James Holdings Limited<br>Cordlife Group Limited<br>Eurosports Global Limited | Kinergy Ltd |
| Mr Lye Hoong Yip Raymond | Independent Director | 9 June 2011/ 24 October 2011 | Goodland Group Limited | Nil |

# CORPORATE GOVERNANCE REPORT

For FY2014, the number of meetings held by the Nominating Committee and attendance at the meetings are as follows:

| Directors | No. of meetings held | Attendance |
|---|---|---|
| Mr Ng Tiak Soon | 1 | 1 |
| Mr Lee Cheng Chye | 1 | 1 |
| Mr Lye Hoong Yip Raymond | 1 | 1 |

The Company encourages directors to attend relevant courses and training programmes and the cost incurred will be borne by the Company.

The Nominating Committee has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The Nominating Committee and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful, as long as Directors are able to devote sufficient time and attention to the affairs of the Company. As such, the Board does not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. Notwithstanding the number of listed company board representations and other principal commitments which some of the Directors are holding, the Nominating Committee is of the view that sufficient time and attention to the affairs of the Company has been given by these Directors.

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

### 1.5 Board Performance

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

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

Each Director will assess the Board's performance as a whole and provides the feedback to the Nominating Committee. A similar evaluation process is also conducted by each of the Board Committees and the Board Committee members will evaluate the relevant Board Committee and provide feedback to the Nominating Committee. In reviewing the Board's effectiveness as a whole and the Board Committees, the Nominating Committee will take into account the feedback from Board and Board Committee members as well as the Director's individual skills and experience. A summary report will be compiled by the Chairman of Nominating Committee before submitting to the Executive Chairman of the Board for analysis and discussion with a view to implementing certain recommendations to further enhance the effectiveness of the Board. A copy of the summary report is circulated to each Director for information and feedback. The contribution of each individual Director to the effectiveness of the Board and Board Committee is assessed individually and reviewed by the Chairman of Nominating Committee. In assessing an individual Director's

# CORPORATE GOVERNANCE REPORT

and Board Committee's performance, factors that are to be taken into consideration include, attendance at Board meetings and related activities, adequacy of preparing for board meetings, contributions in specialist areas, generation of constructive ideas, and maintenance of independence.

The Nominating Committee, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory.

### 1.6 Access to Information

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

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

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

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

## 2. REMUNERATION MATTERS

### 2.1 Procedures for Developing Remuneration Policies

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

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

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

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

# CORPORATE GOVERNANCE REPORT

(b) perform an annual review of the remuneration of employees related to the Directors and substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The Remuneration Committee will also review and approve any bonuses, pay increase and/or promotions for these employees;

(c) review the remuneration package of senior management being the top 5 key executive officers of the Company;

(d) to review and approve the overall compensation policy of the Company;

(e) to review and if necessary make changes to the salary structure and wage policies of the Company; and

(f) to review and if necessary to make changes to the remuneration policy of the Company.

The Remuneration Committee recommends to the Board a framework of remuneration for the Directors and key executives officers, including those employees related to the Executive Directors and controlling shareholders of the Company, and determines specific remuneration packages for each Executive Director. The recommendations of the Remuneration Committee on remuneration of Directors will be submitted for endorsement by the entire Board.

All aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, and other benefits-in-kind shall be covered by the Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions and making any recommendations in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his own remuneration. The Remuneration Committee has met to consider and review the remuneration packages of the Executive Directors and key executive officers, including those employees related to the Executive Directors and controlling shareholders of the Company.

In FY2014, the number of meetings held by the Remuneration Committee and attendance at the meetings are as follows:

| Directors | No. of meetings held | Attendance |
|---|---|---|
| Mr Lye Hoong Yip Raymond | 3 | 3 |
| Mr Ng Tiak Soon | 3 | 3 |
| Mr Foo Shiang Ping | 3 | 3 |

# CORPORATE GOVERNANCE REPORT

## 2.2 Level and Mix of Remuneration

***Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

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

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

The Company's Executive Directors, namely Mr Lee Koh Yong, Mr Lee Cheng Chye, and Mr Chan Teck Ee Vincent are remunerated based on their service agreements with the Company as disclosed in the Company's Offer Document dated 6 July 2011. The service agreements are valid for an initial period of three (3) years with effect from the date of listing which was 15 July 2011.

Subsequent to the expiry of the service agreements on 14 July 2014, the service agreements were renewed for a further three (3) years. As per the terms of the service agreements, either party may terminate the service agreement by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on the Directors' last drawn monthly salary. The remuneration comprises a fixed salary, monthly car allowance, fixed bonus of one month's salary as well as profit sharing which is designed to align the interests of the Executive Directors with those of shareholders.

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

The review of the remuneration of the executive officers takes into consideration the performance and the contributions of the executive officer to the Company and gives due regard to the financial and business performance of the Group of which performance conditions is not pre-determined. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully.

# CORPORATE GOVERNANCE REPORT

## 2.3 Disclosure on Remuneration

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

The breakdown of remuneration paid to or accrued to each Director of the Company for FY2014 is as follows:

| Directors | Fees % | Salary# % | Bonus % | Other benefits % | Variable or Performance-related Income/ Bonus % | Total % |
|---|---|---|---|---|---|---|
| *S$750,000 to below S$1,000,000* | | | | | | |
| Lee Koh Yong | – | 45 | 4 | 6 | 45 | 100 |
| Lee Cheng Chye | – | 45 | 4 | 6 | 45 | 100 |
| *S$250,000 to below S$500,000* | | | | | | |
| Chan Teck Ee Vincent | – | 43 | 3 | 8 | 46 | 100 |
| *Below S$250,000* | | | | | | |
| Ng Tiak Soon[1] | 100 | – | – | – | – | 100 |
| Lye Hoong Yip Raymond[2] | 100 | – | – | – | – | 100 |
| Foo Shiang Ping[3] | 100 | – | – | – | – | 100 |

\# Refers to basic salary and CPF contribution by employer

(1) The amount of director fees paid to Mr Ng Tiak Soon is S$40,000.

(2) The amount of director fees paid to Mr Lye Hoong Yip Raymond is S$36,000.

(3) The amount of director fees paid to Mr Foo Shiang Ping is S$36,000.

The Company is of the view that due to confidentiality, competitiveness and personal security reasons, the total remuneration on a named basis of each executive Director is not disclosed.

The Company's staff remuneration policy is based on individual's rank and role, the individual performance, the Group's performance and industry benchmarking gathered from companies in comparable industries.

The aggregate remuneration paid to the top key executive officers of the Group (excluding the Directors and the CEO) is approximately S$865,000.

# CORPORATE GOVERNANCE REPORT

**Details of remuneration of the top key executive officers**

| Key Executive Officers | Salary# % | Bonus % | Other benefits % | Total % |
|---|---|---|---|---|
| *S$250,000 to below S$500,000* | | | | |
| Lee Kim Eng | 80 | 15 | 5 | 100 |
| *Below S$250,000* | | | | |
| Lim Kim Tat | 75 | 16 | 9 | 100 |
| Teo Theng How(1) | 82 | 18 | – | 100 |
| Tan Kelly(2) | 88 | 12 | – | 100 |
| Lee Chuan Heng | 78 | 13 | 9 | 100 |
| Tay Seng Heong | 71 | 16 | 13 | 100 |

\# Refers to basic salary and CPF contribution by employer

(1) Teo Theng How resigned as the Company's Financial Controller on 6 May 2014.

(2) Tan Kelly was appointed as the Company's Financial Controller on 7 May 2014.

**Details of remuneration of employees who are immediate family members of a Director or the CEO whose remuneration exceeds S$50,000**

| Name | Relationship | Remuneration in Compensation Band |
|---|---|---|
| Lee Hock Seong | Brother of the CEO and the Executive Chairman | S$350,000 – S$400,000 |
| Lee Kim Eng | Sister of the CEO and the Executive Chairman | S$250,000 – S$300,000 |
| Lee Thiam Seng | Brother of the CEO and the Executive Chairman | S$150,000 – S$200,000 |
| Lee Chuan Heng | Brother of the CEO and the Executive Chairman | S$100,000 – S$150,000 |
| Lee Zi Qi | Daughter of Executive Chairman | S$50,000 – S$100,000 |

Save as disclosed above, there is no other employee of the Group who is an immediate family member of a Director or the CEO whose remuneration exceeds S$50,000 for FY2014.

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

# CORPORATE GOVERNANCE REPORT

The Remuneration Committee is of the view that the audited Profit Before Taxation reflects the financial performance of the Group's business and is also a key performance measure which allows for general comparability of performance. During FY2014, the Group had achieved the performance objectives for the executive directors' entitlement to profit sharing.

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

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

## 3. ACCOUNTABILITY AND AUDIT

### 3.1 Accountability

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

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

Currently, the Company is required to release half year and full year results announcements pursuant to the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Catalist Listing Manual"). In this respect, the Board, with the assistance of the management, strives to provide a balanced and understandable assessment of the Group's performance and position. The Board also undertakes such effort with respect to other price sensitive public reports and reports to regulators, where required.

The management is responsible to the Board and the Board itself is accountable to the shareholders of the Company. The Board is provided with the management accounts of the Group's performance and position on a quarterly basis.

### 3.2 Risk Management and Internal Controls

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

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

# CORPORATE GOVERNANCE REPORT

### Risk

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

**(a) Operational risks**

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

**(b) Compliance and legal risks**

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

**(c) Financial risks**

Management regularly identifies and reviews the financial risks applicable to the Group. The Group's financial risk management is discussed under 30 of the Notes to the Financial Statements, on pages 71 to 76 of the Annual Report.

**(d) Information technology risks**

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

The Board is satisfied with the risk management practice in FY2014 and that risks identified have been adequately addressed by the Group.

### Internal Control

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, assurance from management and reviews performed by the management team, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, including financial, operational and compliance and information technology controls, and risk management systems, were adequate for FY2014.

# CORPORATE GOVERNANCE REPORT

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

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company maintains an effective risk management and internal control systems.

## 3.3 Audit Committee

***Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.***

The Audit Committee comprises Mr Ng Tiak Soon (Chairman), Mr Lye Hoong Yip Raymond, and Mr Foo Shiang Ping, the majority of whom, including the Chairman, are independent.

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

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

(a) review the scope and results of the external audit and the independence and objectivity of the external auditor;

(b) review with the external auditor on the audit plan, their evaluation of the system of internal controls, audit report, management letter and management's response;

(c) review and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;

(d) review the half yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards, compliance with the Catalist Listing Manual and any other relevant statutory or regulatory requirements;

(e) review the internal control procedures and ensure co-ordination between the external auditor and internal auditor and the management, review the assistance given by the management to the external auditors and internal auditor, and discuss problems and concerns, if any, arising from audits, and any matters which the external auditor and internal auditor may wish to discuss (in the absence of the management where necessary);

(f) review and discuss with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response;

# CORPORATE GOVERNANCE REPORT

(g) consider and recommend to the Board on proposals to the shareholders on the appointment or re-appointment of the external auditor and internal auditor and matters relating to resignation or dismissal of the external auditor and internal auditor, and approving the remuneration and terms of engagement of the external auditor;

(h) review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Listing Manual;

(i) review potential conflicts of interest (if any);

(j) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(k) review and establish procedures for receipt, retention and treatment of complaints received by the Group regarding inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

(l) generally undertake such other functions and duties as may be required by statute or the Catalist Listing Manual, or by such amendments made thereto from time to time.

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

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

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

The aggregate amount of fees paid to the external auditors of the Company, broken down into audit and non-audit services in FY2014 were as follows:

Audit fees: S$53,000
Non-audit fees in relation to tax services: S$12,000

# CORPORATE GOVERNANCE REPORT

**Summary of the Audit Committee's Activities**

In FY2014, the number of meetings held by the Audit Committee and attendance at the meetings are as follows:

| Directors | No. of meetings held | Attendance |
|---|---|---|
| Mr Ng Tiak Soon | 4 | 4 |
| Mr Lye Hoong Yip Raymond | 4 | 4 |
| Mr Foo Shiang Ping | 4 | 4 |

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

The principal activities of the Audit Committee during FY2014 are summarised as follows:

(a) Reviewed the half-year and full year financial statements and results announcements, all announcements and related disclosures to shareholders before submission to the Board for approval for the release on SGXNET;

(b) Reviewed the audit plan and audit report of the Company's internal and external auditors and ensure the adequacy of the Company's system of accounting controls and the co-operation given by management to the external and internal auditors;

(c) Reviewed the annual financial statements and discussed with the management, the Financial Controller and the external auditors on the significant accounting policies, judgements and estimates applied by management in the preparation of the financial statements. Following the review and discussions, the Audit Committee recommended to the Board for approval of the audited financial statements;

(d) Recommended to the Board for the re-appointment of Messrs Nexia TS Public Accounting Corporation as external auditor of the Company;

(e) Reviewed the independence and objectivity of the external auditors through discussion with the external auditor as well as reviewing the non-audit fees awarded to them;

(f) Reviewed the nature and extent of non-audit services provided by the external auditor;

(g) Reviewed the internal auditor's report and findings; and

(h) Reviewed the Group's interested person transactions to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders.

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

# CORPORATE GOVERNANCE REPORT

**Whistle Blowing Policy**

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

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

### 3.4 Internal Audit

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

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

The internal audit function of the Group has been outsourced to KPMG Services Pte. Ltd. and their primary line of reporting is to the Audit Committee. The objective of the internal audit function is to provide an independent review on the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the Audit Committee on the Group's controls and governance processes. An annual internal audit plan which entails the review of the effectiveness of the Group's controls has been developed by the internal auditor. The Audit Committee is satisfied that the internal audit function has been adequately resourced and has the appropriate standing within the Group.

## 4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### 4.1 Shareholder Rights

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

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

# CORPORATE GOVERNANCE REPORT

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

## 4.2 Communication With Shareholders

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

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

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

The Company welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At shareholders' meetings, shareholders are given the opportunity to communicate their views and to ask the Directors and Management questions regarding the Group. In FY2013, the Company held its annual general meeting in October 2013 for shareholders to share their views and raise queries which were addressed by the Board. In addition, the Company has engaged SP Corporate Advisory to address any queries that the investors, analysts, press or public might have on the Company's affairs. The investor relations team can be reached at spfoo@spadvisory.com.sg.

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

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

The Company has proposed a tax-exempt one-tier final dividend of 1 cent per ordinary share for FY2014 for approval by shareholders at the forthcoming annual general meeting.

# CORPORATE GOVERNANCE REPORT

### 4.3 Conduct of Shareholder Meetings

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

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

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

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

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

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

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

## ADDITIONAL INFORMATION

### 5. DEALING IN SECURITIES

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

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

# CORPORATE GOVERNANCE REPORT

## 6. MATERIAL CONTRACTS

There was no material contract entered into by the Company or its subsidiaries involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

## 7. INTERESTED PERSONS TRANSACTIONS ("IPTs")

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

The Group does not have a general mandate for IPTs. In FY2014, there were no IPTs of S$100,000 or more entered into.

## 8. NON-SPONSORS FEES

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd, in FY2014.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

The Directors present their report to the members together with the audited consolidated financial statements of 800 Super Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 30 June 2014 and the statement of financial position of the Company as at 30 June 2014.

## Directors

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

Lee Koh Yong
Lee Cheng Chye
Chan Teck Ee Vincent
Foo Shiang Ping
Ng Tiak Soon
Lye Hoong Yip Raymond

## Arrangements to enable Directors to acquire shares and debentures

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

## Directors' interest in shares or debentures

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

| | Holdings registered in name of Director or nominee | | Holdings in which Director is deemed to have an interest | |
|---|---|---|---|---|
| | At 30.6.2014 | At 1.7.2013 | At 30.6.2014 | At 1.7.2013 |
| **Company** | | | | |
| (No. of ordinary shares) | | | | |
| Lee Koh Yong | 5,002,200 | 5,002,200 | 118,005,000 | 116,000,000 |
| Lee Cheng Chye | 4,287,600 | 4,287,600 | 118,005,000 | 116,000,000 |
| Chan Teck Ee Vincent | 400,000 | 400,000 | – | – |
| Foo Shiang Ping | 1,348,000 | 1,348,000 | – | – |
| **Holding Corporation** | | | | |
| **– Yong Seong Investment Pte. Ltd.** | | | | |
| (No. of ordinary shares) | | | | |
| Lee Koh Yong | 28 | 28 | – | – |
| Lee Cheng Chye | 24 | 24 | – | – |

The Directors' interests in the ordinary shares of the Company as at 21 July 2014 were the same as those as at 30 June 2014.

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

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(CONT'D)

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

**Directors' contractual benefits**

Since the end of the 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.

**Share options**

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

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

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

**Audit committee**

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

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

The Audit Committee performs the functions specified in Section 201B(5) of the Singapore Companies Act, Cap. 50.

For the financial year ended 30 June 2014, the Audit Committee has held four meetings. In performing its functions, the Audit Committee met with the Company's independent auditor and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

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

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014
(CONT'D)

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

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment as independent auditor 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 Board of Directors

**Lee Koh Yong**
Director

**Lee Cheng Chye**
Director

**29 September 2014**

# STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

In the opinion of the Directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 37 to 78 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

**Lee Koh Yong**
Director

**Lee Cheng Chye**
Director

**29 September 2014**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of 800 Super Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 37 to 78, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2014, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

*Auditor's Responsibility*

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF 800 SUPER HOLDINGS LIMITED
(CONT'D)

*Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

**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 subsidiaries 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: Kristin YS Kim***
***Appointed since financial year ended 30 June 2013***

**Singapore**

**29 September 2014**

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2014

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **2014** | 2013 | **2014** | 2013 |
| | | **$'000** | $'000 | **$'000** | $'000 |
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash and cash equivalents | 4 | **5,292** | 7,928 | **322** | 1,245 |
| Trade and other receivables | 5 | **31,079** | 21,181 | **5,483** | 5,404 |
| Other assets | 6 | **1,745** | 1,391 | **12** | 162 |
| | | **38,116** | 30,500 | **5,817** | 6,811 |
| **Non-Current Assets** | | | | | |
| Investments in subsidiaries | 7 | **–** | – | **17,363** | 17,363 |
| Property, plant and equipment | 8 | **51,835** | 35,941 | **15,172** | 15,864 |
| Available-for-sale financial assets | 9 | **3** | 5 | **–** | – |
| Other assets | 6 | **1,639** | 572 | **–** | 5 |
| Deferred income tax assets | 13 | **–** | – | **2** | 2 |
| | | **53,477** | 36,518 | **32,537** | 33,234 |
| **Total Assets** | | **91,593** | 67,018 | **38,354** | 40,045 |
| **LIABILITIES** | | | | | |
| **Current Liabilities** | | | | | |
| Trade and other payables | 10 | **12,101** | 10,586 | **1,019** | 2,848 |
| Current income tax liabilities | 24 | **1,178** | 962 | **–** | – |
| Borrowings | 11 | **6,772** | 2,252 | **264** | – |
| | | **20,051** | 13,800 | **1,283** | 2,848 |
| **Non-Current Liabilities** | | | | | |
| Borrowings | 11 | **28,055** | 17,429 | **11,586** | 11,850 |
| Deferred income tax liabilities | 13 | **1,935** | 1,372 | **–** | – |
| | | **29,990** | 18,801 | **11,586** | 11,850 |
| **Total Liabilities** | | **50,041** | 32,601 | **12,869** | 14,698 |
| **NET ASSETS** | | **41,552** | 34,417 | **25,485** | 25,347 |
| **EQUITY** | | | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | | | |
| Share capital | 14 | **22,772** | 22,772 | **22,772** | 22,772 |
| Fair value reserve | 15 | **38** | 40 | **–** | – |
| Retained profits | 16 | **18,696** | 11,519 | **2,713** | 2,575 |
| | | **41,506** | 34,331 | **25,485** | 25,347 |
| Non-controlling interests | | **46** | 86 | **–** | – |
| **Total Equity** | | **41,552** | 34,417 | **25,485** | 25,347 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| | Note | 2014 $'000 | 2013 $'000 |
|---|---|---|---|
| Revenue | 18 | **114,959** | 97,542 |
| Other income | 19 | **460** | 339 |
| Other (losses)/gains – net | 20 | **(89)** | 46 |
| Purchase of supplies and disposal charges | | **(27,649)** | (27,651) |
| Sub-contractor charges | | **(2,609)** | (2,677) |
| Depreciation of property, plant and equipment | 8 | **(4,427)** | (3,185) |
| Other expenses | 21 | **(16,129)** | (13,764) |
| Employee benefits expense | 22 | **(53,465)** | (43,567) |
| Finance expenses | 23 | **(507)** | (373) |
| Profit before income tax | | **10,544** | 6,710 |
| Income tax expense | 24 | **(1,472)** | (935) |
| **Net profit** | | **9,072** | 5,775 |
| **Other comprehensive (loss)/income:** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Available-for-sale financial assets | | | |
| – Fair value (losses)/gains | 15 | **(2)** | 3 |
| **Other comprehensive (loss)/income, net of tax** | | **(2)** | 3 |
| **Total comprehensive income** | | **9,070** | 5,778 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **8,965** | 5,734 |
| Non-controlling interests | | **107** | 41 |
| | | **9,072** | 5,775 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **8,963** | 5,737 |
| Non-controlling interests | | **107** | 41 |
| | | **9,070** | 5,778 |
| Earnings per share for profit attributable to equity holders of the Company (cents per share) | | | |
| – Basic and diluted | 25 | **5.01** | 3.21 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| | Note | Share capital $'000 | Fair value reserve $'000 | Retained profits $'000 | Total equity attributable to owners of the Company $'000 | Non-controlling interests $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2014** | | | | | | | |
| **Beginning of financial year** | | **22,772** | **40** | **11,519** | **34,331** | **86** | **34,417** |
| Dividends | 17 | **–** | **–** | **(1,788)** | **(1,788)** | **(147)** | **(1,935)** |
| Total comprehensive income for the financial year | | **–** | **(2)** | **8,965** | **8,963** | **107** | **9,070** |
| **End of financial year** | | **22,772** | **38** | **18,696** | **41,506** | **46** | **41,552** |
| **2013** | | | | | | | |
| **Beginning of financial year** | | 22,772 | 37 | 7,573 | 30,382 | – | 30,382 |
| Issuance of ordinary shares to non-controlling interests | | – | – | – | – | 45 | 45 |
| Dividends | 17 | – | – | (1,788) | (1,788) | – | (1,788) |
| Total comprehensive income for the financial year | | – | 3 | 5,734 | 5,737 | 41 | 5,778 |
| **End of financial year** | | 22,772 | 40 | 11,519 | 34,331 | 86 | 34,417 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| | Note | 2014<br>$'000 | 2013<br>$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit | | **9,072** | 5,775 |
| Adjustments for: | | | |
| – Income tax expense | 24 | **1,472** | 935 |
| – Depreciation of property, plant and equipment | 8 | **4,427** | 3,185 |
| – Losses/(gains) on disposal of property, plant and equipment | 20 | **89** | (46) |
| – Interest income | 19 | **(9)** | (12) |
| – Interest expense | 23 | **507** | 373 |
| | | **15,558** | 10,210 |
| Changes in working capital | | | |
| – Trade and other receivables | | **(9,898)** | (3,201) |
| – Other assets | | **(725)** | 261 |
| – Trade and other payables | | **1,357** | 1,334 |
| Cash generated from operations | | **6,292** | 8,604 |
| Interest received | | **9** | 11 |
| Interest paid | | **(496)** | (365) |
| Income tax paid | 24 | **(693)** | (1,207) |
| **Net cash provided by operating activities** | | **5,112** | 7,043 |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | | **(4,649)** | (18,128) |
| Proceeds from disposal of property, plant and equipment | | **216** | 122 |
| **Net cash used in investing activities** | | **(4,433)** | (18,006) |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of ordinary shares to non-controlling interests | | **–** | 45 |
| Repayments of finance lease liabilities | | **(2,420)** | (1,500) |
| Repayments of borrowings | | **(1,213)** | (1,415) |
| Proceeds from borrowings | | **2,106** | 12,102 |
| Dividends paid | 17 | **(1,788)** | (1,788) |
| **Net cash (used in)/provided by financing activities** | | **(3,315)** | 7,444 |
| **Net decrease in cash and cash equivalents** | | **(2,636)** | (3,519) |
| **Cash and cash equivalents** | | | |
| Beginning of financial year | | **7,928** | 11,447 |
| **End of financial year** | 4 | **5,292** | 7,928 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

## 1 Corporate information

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

The principal activities of the Company are those of investment holding and management and administrative support to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

## 2 Significant accounting policies

### 2.1 Basis of preparation

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

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgment 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 judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**Interpretations and amendments to published standards effective in 2013**

On 1 July 2013, the Group and the Company 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 and Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

Amendment to FRS 107 *Disclosure-Offsetting Financial Assets and Financial Liabilities*

This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Group and the Company. The Group and the Company have incorporated the additional required disclosures into the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.1 Basis of preparation (Cont'd)

FRS 113 *Fair Value Measurement*

FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Group and the Company. The Group and the Company have incorporated the additional required disclosures into the financial statements.

### 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 statement of financial position. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

2 **Significant accounting policies** (Cont'd)

2.2 **Group accounting** (Cont'd)

*(a) Subsidiaries (Cont'd)*

*(ii) Acquisitions*

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

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

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

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

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

*(iii) Disposals*

When a change in the Group 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 previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

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

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investment in subsidiaries in the separate financial statements of the Company.

*(b) Transactions with non-controlling interests*

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 2014

## 2 Significant accounting policies (Cont'd)

### 2.3 Investments in subsidiaries

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

### 2.4 Property, plant and equipment

(i) *Measurement*

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

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

(ii) *Depreciation*

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

| | Useful lives |
|---|---|
| Leasehold land | 22 – 23 years |
| Leasehold buildings | 42 – 45 years |
| Motor vehicles | 10 years |
| Bins and containers | 5 – 10 years |
| Machinery | 3 – 10 years |
| Boat | 10 years |
| Office equipment | 3 years |
| Computers | 3 years |
| Furniture and fittings | 3 years |

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

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

*(iii) Subsequent expenditure*

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

*(iv) Disposal*

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

### 2.5 Impairment of non-financial assets

*Property, plant and equipment*
*Investments in subsidiaries*

Property, plant and equipment 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 inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.6 Financial assets

*(a) Classification*

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

*(i) Loans and receivables*

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

*(ii) Available-for-sale financial assets*

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

*(b) Recognition and derecognition*

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

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

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

*(c) Initial measurement*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.6 Financial assets (Cont'd)

*(d) Subsequent measurement*

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

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

*(e) Impairment*

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

*(i) Loans and receivables*

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

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

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

*(ii) Available-for-sale financial assets*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.6 Financial assets (Cont'd)

*(e) Impairment (Cont'd)*

*(ii) Available-for-sale financial assets (Cont'd)*

If any evidence of impairment exists, the cumulative loss that was recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

*(f) Offsetting financial instruments*

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

### 2.7 Financial guarantees

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

Intra-group transactions are eliminated on consolidation.

### 2.8 Borrowings

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.9 Trade and other payables

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

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

### 2.10 Provisions

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

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

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

### 2.11 Fair value estimation of financial assets and liabilities

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

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

### 2.12 Revenue recognition

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.12 Revenue recognition (Cont'd)

(a) *Rendering of service*

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

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

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

(d) *Other income*

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

### 2.13 Income taxes

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

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

A deferred income tax liability is recognised on temporary differences arising on investments in 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.

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

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.14 Employee compensation

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

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

(c) *Profit sharing and bonus plans*

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

### 2.15 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

### 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 end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.16 Currency translation (Cont'd)

*(b) Transactions and balances (Cont'd)*

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

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

### 2.17 Cash and cash equivalents

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

### 2.18 Leases

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

*(i) Lessee – Finance leases*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 2 Significant accounting policies (Cont'd)

### 2.18 Leases (Cont'd)

*(ii) Lessee – Operating leases*

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

### 2.19 Government grants

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

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

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

### 2.20 Segment reporting

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

### 2.21 Share capital

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

### 2.22 Dividends to Company's shareholders

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

## 3 Critical accounting estimates, assumptions and judgements

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

### (a) *Impairment of loans and receivables*

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

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

If the net present values of estimated cash flows decrease by 10% from management's estimates for all past due but not impaired loans and receivables, the Group's allowance for impairment will increase by $293,000 (2013: $295,000) respectively.

As at 30 June 2014, the management has made adequate allowances for impairment of trade receivables of $102,000 (2013: $45,000) (Note 30(b)(ii)). The carrying amounts of trade receivables at the end of the financial year are disclosed in Note 5 to the financial statements.

### (b) *Useful lives of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years. The carrying amounts of the Group's property, plant and equipment are disclosed in Note 8 to the financial statements.

Changes in the expected level of usage and technological development could impact the economic useful lives of these assets; therefore; future depreciation charges could be revised. If the actual useful lives of these items of property, plant and equipment were to differ by 10% from management's estimates, the carrying amounts of the property, plant and equipment would be an estimated $354,000 (2013: $264,000) higher or lower.

## 4 Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Cash at bank and on hand | **5,292** | 7,928 | **322** | 1,245 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 5 Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Trade receivables: | | | | |
| – Subsidiaries | **–** | – | **181** | 735 |
| – Non-related parties | **29,959** | 20,507 | **–** | – |
| Less: Allowances for impairment (Note 30(b)(ii)) | **(102)** | (45) | **–** | – |
| | **29,857** | 20,462 | **181** | 735 |
| Other receivables: | | | | |
| – Dividend receivable from subsidiaries | **–** | – | **2,853** | 3,000 |
| – Subsidiaries | **–** | – | **2,449** | 1,668 |
| – Non-related parties | **1,172** | 673 | **–** | 1 |
| – Staff advances | **50** | 46 | **–** | – |
| | **31,079** | 21,181 | **5,483** | 5,404 |

Banking facilities are secured on trade receivables of the Group with carrying amounts of $2,500,000 (2013: $2,500,000) (Note 11).

The non-trade amount due from subsidiaries is unsecured, interest-bearing at 0.8% (2013: 0.8%) per annum and is repayable on demand.

## 6 Other assets

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Current: | | | | |
| Deposits | **314** | 273 | **5** | 150 |
| Prepayments | **1,431** | 1,118 | **7** | 12 |
| | **1,745** | 1,391 | **12** | 162 |
| Non-current: | | | | |
| Deposits | **185** | 414 | **–** | 5 |
| Prepayments | **1,454** | 158 | **–** | – |
| | **1,639** | 572 | **–** | 5 |
| | **3,384** | 1,963 | **12** | 167 |

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

The carrying amounts of the above deposits are approximate to their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 7 Investments in subsidiaries

| | Company | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| *Equity investments at cost* | | |
| Beginning of financial year | **17,363** | 17,258 |
| Incorporation of a subsidiary | **–** | 105 |
| End of financial year | **17,363** | 17,363 |

Details of the subsidiaries are as follows:

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding 2014 | Equity holding 2013 |
|---|---|---|---|---|
| | | | **%** | % |
| 800 Super Waste Management Pte Ltd [(a)] | Waste disposal and general contractors providing cleaning services. | Singapore | **100** | 100 |
| YS Yong Services Pte Ltd [(a)] | Supply of labour and general contractors providing cleaning services. | Singapore | **100** | 100 |
| Green Recycling Pte. Ltd. [(a)] | Manufacturing, packaging and processing of plastics, woods materials and scrap metals, and providing cleaning services and waste disposal. | Singapore | **100** | 100 |
| 800 Landscape Pte. Ltd. [(a)] | Landscape care and maintenance services and other business support related services. | Singapore | **100** | 100 |
| 800 Super Renewable Energy Pte. Ltd. [(a)] | Investment holding and treatment and disposal of waste (including remediation activities). | Singapore | **100** | 100 |
| Focus Learning Centre Pte. Ltd. [(a)] | Job training, corporate training, vocational rehabilitation services and motivational courses. | Singapore | **70** | 70 |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 8 Property, plant and equipment

| | Leasehold land $'000 | Leasehold buildings $'000 | Motor vehicles $'000 | Bins and containers $'000 | Machinery $'000 | Boat $'000 | Office equipment $'000 | Computers $'000 | Furniture and fittings $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | | |
| **2014** | | | | | | | | | | | |
| ***Cost*** | | | | | | | | | | | |
| Beginning of financial year | 16,259 | 7,285 | 19,956 | 5,122 | 4,934 | 89 | 1,055 | 255 | 438 | 274 | 55,667 |
| Reclassification | – | – | 205 | – | 16 | – | – | 33 | – | (254) | – |
| Additions | – | 9 | 11,574 | 5,532 | 989 | – | 39 | 77 | 189 | 2,217 | 20,626 |
| Disposals | – | – | (1,030) | (1,611) | (259) | – | (2) | (83) | – | – | (2,985) |
| End of financial year | 16,259 | 7,294 | 30,705 | 9,043 | 5,680 | 89 | 1,092 | 282 | 627 | 2,237 | 73,308 |
| ***Accumulated Depreciation*** | | | | | | | | | | | |
| Beginning of financial year | 395 | 497 | 10,280 | 4,233 | 3,128 | 18 | 756 | 200 | 219 | – | 19,726 |
| Depreciation charge | 720 | 169 | 2,290 | 417 | 537 | 9 | 113 | 45 | 127 | – | 4,427 |
| Disposals | – | – | (887) | (1,449) | (259) | – | (2) | (83) | – | – | (2,680) |
| End of financial year | 1,115 | 666 | 11,683 | 3,201 | 3,406 | 27 | 867 | 162 | 346 | – | 21,473 |
| ***Net Book Value*** | | | | | | | | | | | |
| **End of financial year** | 15,144 | 6,628 | 19,022 | 5,842 | 2,274 | 62 | 225 | 120 | 281 | 2,237 | 51,835 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

| | Leasehold land $'000 | Leasehold buildings $'000 | Motor vehicles $'000 | Bins and containers $'000 | Machinery $'000 | Boat $'000 | Office equipment $'000 | Computers $'000 | Furniture and fittings $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | | | |
| **2013** | | | | | | | | | | | |
| ***Cost*** | | | | | | | | | | | |
| Beginning of financial year | – | 5,355 | 17,973 | 6,011 | 4,172 | 44 | 974 | 220 | 212 | 1,748 | 36,709 |
| Reclassification | – | 1,391 | 77 | 7 | – | 44 | 26 | – | 92 | (1,637) | – |
| Additions | 16,259 | 539 | 2,081 | 79 | 804 | 1 | 60 | 36 | 134 | 163 | 20,156 |
| Disposals | – | – | (175) | (975) | (42) | – | (5) | (1) | – | – | (1,198) |
| End of financial year | 16,259 | 7,285 | 19,956 | 5,122 | 4,934 | 89 | 1,055 | 255 | 438 | 274 | 55,667 |
| ***Accumulated Depreciation*** | | | | | | | | | | | |
| Beginning of financial year | – | 347 | 8,710 | 4,897 | 2,736 | 9 | 627 | 171 | 166 | – | 17,663 |
| Depreciation charge | 395 | 150 | 1,690 | 311 | 417 | 9 | 131 | 29 | 53 | – | 3,185 |
| Disposals | – | – | (120) | (975) | (25) | – | (2) | * | – | – | (1,122) |
| End of financial year | 395 | 497 | 10,280 | 4,233 | 3,128 | 18 | 756 | 200 | 219 | – | 19,726 |
| ***Net Book Value*** | | | | | | | | | | | |
| **End of financial year** | 15,864 | 6,788 | 9,676 | 889 | 1,806 | 71 | 299 | 55 | 219 | 274 | 35,941 |

* Less than $1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

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

| | Leasehold land $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|
| **Company** | | | |
| **2014** | | | |
| ***Cost*** | | | |
| Beginning of financial year | **16,259** | **–** | **16,259** |
| Additions | **–** | **28** | **28** |
| End of financial year | **16,259** | **28** | **16,287** |
| ***Accumulated Depreciation*** | | | |
| Beginning of financial year | **395** | **–** | **395** |
| Depreciation charge | **720** | **–** | **720** |
| End of financial year | **1,115** | **–** | **1,115** |
| ***Net Book Value*** | | | |
| **End of financial year** | **15,144** | **28** | **15,172** |
| **2013** | | | |
| ***Cost*** | | | |
| Beginning of financial year | – | – | – |
| Additions | 16,259 | – | 16,259 |
| End of financial year | 16,259 | – | 16,259 |
| ***Accumulated Depreciation*** | | | |
| Beginning of financial year | – | – | – |
| Depreciation charge | 395 | – | 395 |
| End of financial year | 395 | – | 395 |
| ***Net Book Value*** | | | |
| **End of financial year** | 15,864 | – | 15,864 |

(a) Included in additions in the consolidated financial statements are motor vehicles, bins and containers and machinery acquired under finance leases amounting to $10,255,000, $4,924,000 and $798,000 (2013: $1,977,000, $Nil and $51,000) respectively.

The carrying amounts of motor vehicles, bins and containers and machinery held under finance leases are $13,739,000, $5,495,000 and $1,027,000 (2013: $4,990,000, $254,000 and $246,000) at the end of the reporting periods respectively (Notes 11 and 12).

(b) Bank borrowings are secured on leasehold land and leasehold buildings of the Group with carrying amounts of $21,772,000 (2013: $22,652,000) (Note 11).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 9 Available-for-sale financial assets

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Beginning of financial year | **5** | 2 |
| Fair value (losses)/gains recognised in other comprehensive income (Note 15) | **(2)** | 3 |
| End of financial year | **3** | 5 |

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

| | | |
|---|---|---|
| Listed securities | | |
| – equity securities – Singapore | **3** | 5 |

## 10 Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Trade payables: | | | | |
| – Non-related parties | **4,714** | 4,683 | **38** | 1 |
| Other payables: | | | | |
| – Subsidiaries | **–** | – | **–** | 2,423 |
| – Non-related parties | **1,153** | 876 | **32** | 18 |
| | **1,153** | 876 | **32** | 2,441 |
| Accrued operating expenses | **6,234** | 5,027 | **949** | 406 |
| | **12,101** | 10,586 | **1,019** | 2,848 |

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

## 11 Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Current – secured | | | | |
| Bank loans | **2,675** | 1,132 | **264** | – |
| Finance lease liabilities (Note 12) | **4,097** | 1,120 | **–** | – |
| | **6,772** | 2,252 | **264** | – |
| Non-Current – secured | | | | |
| Bank loans | **14,518** | 15,167 | **11,586** | 11,850 |
| Finance lease liabilities (Note 12) | **13,537** | 2,262 | **–** | – |
| | **28,055** | 17,429 | **11,586** | 11,850 |
| Total borrowings | **34,827** | 19,681 | **11,850** | 11,850 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 11 Borrowings (Cont'd)

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| 6 months or less | **4,180** | 1,233 | **134** | – |
| 6 – 12 months | **2,592** | 1,019 | **130** | – |
| 1 – 5 years | **18,567** | 6,397 | **2,847** | 1,861 |
| Over 5 years | **9,488** | 11,032 | **8,739** | 9,989 |
| | **34,827** | 19,681 | **11,850** | 11,850 |

### (a) Security granted

Total borrowings include secured liabilities of $34,827,000 (2013: $19,681,000) which are secured as follows:

(i) First legal mortgage over the leasehold land and leasehold buildings of the Group;

(ii) Charge over the leased motor vehicles, leased bins and containers and leased machinery of the Group;

(iii) Charge over accounts receivables up to $2,500,000 (Note 5);

(iv) Legal corporate guarantees from the Company for a subsidiary's banking and finance lease facilities; and

(v) Legal corporate guarantees from a subsidiary for the Company's banking facilities.

Finance lease liabilities of the Group are effectively secured over the leased motor vehicles, leased bins and containers and leased machinery (Note 8), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

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

At the end of the reporting period, the fair values of non-current borrowings approximate their carrying amounts.

The fair values are determined from the cash flow analysis, discounted at annual market borrowing rates of an equivalent instrument at the end of the reporting periods which directors expect to be available to the Group as follows:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **%** | % |
| Bank borrowings | **1.80 – 5.25** | 1.75 – 5.00 |
| Finance lease liabilities | **1.10 – 2.00** | 1.18 – 2.00 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 12 Finance lease liabilities

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Minimum lease payments due: | | |
| – Not later than one year | **4,446** | 1,194 |
| – Between one and five years | **14,050** | 2,349 |
| | **18,496** | 3,543 |
| Less: Future finance charges | **(862)** | (161) |
| Present value of finance lease liabilities | **17,634** | 3,382 |

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

| | | |
|---|---|---|
| Not later than one year (Note 11) | **4,097** | 1,120 |
| Between one and five years (Note 11) | **13,537** | 2,262 |
| | **17,634** | 3,382 |

## 13 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 statement of financial position as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Deferred income tax assets | | | | |
| – To be recovered after one year | **(133)** | (125) | **(2)** | (2) |
| Deferred income tax liabilities | | | | |
| – To be settled after one year | **2,068** | 1,497 | **–** | – |
| | **1,935** | 1,372 | **(2)** | (2) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 13 Deferred income taxes (Cont'd)

Movement in deferred income tax account is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Beginning of financial year | **1,372** | 1,489 | **(2)** | (2) |
| Charged/(credited) to profit or loss | **563** | (117) | **–** | – |
| End of financial year | **1,935** | 1,372 | **(2)** | (2) |

**Deferred income tax liabilities/(assets)**

| | Accelerated tax depreciation $'000 | Other $'000 | Total $'000 |
|---|---|---|---|
| **Group** | | | |
| **2014** | | | |
| Beginning of financial year | **1,497** | **(125)** | **1,372** |
| Charged/(credited) to profit or loss | **571** | **(8)** | **563** |
| End of financial year | **2,068** | **(133)** | **1,935** |
| 2013 | | | |
| Beginning of financial year | 1,588 | (99) | 1,489 |
| Credited to profit or loss | (91) | (26) | (117) |
| End of financial year | 1,497 | (125) | 1,372 |

| | Other $'000 | Total $'000 |
|---|---|---|
| **Company** | | |
| **2014** | | |
| Beginning and end of financial year | **(2)** | **(2)** |
| 2013 | | |
| Beginning and end of financial year | (2) | (2) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 14 Share capital

| | Group and Company | |
|---|---|---|
| | **Number of Ordinary Shares** | **Amount $'000** |
| **2014** | | |
| Beginning and end of financial year | **178,800,000** | **22,772** |
| 2013 | | |
| Beginning and end of financial year | 178,800,000 | 22,772 |

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

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

## 15 Fair value reserve

| | Group | |
|---|---|---|
| | **2014 $'000** | 2013 $'000 |
| Beginning of financial year | **40** | 37 |
| Available-for-sale financial assets | | |
| – Fair value (losses)/gains (Note 9) | **(2)** | 3 |
| End of financial year | **38** | 40 |

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

## 16 Retained profits

Retained profits of the Group and the Company are distributable.

Movement in retained profits for the Company is as follows:

| | Company | |
|---|---|---|
| | **2014 $'000** | 2013 $'000 |
| Beginning of financial year | **2,575** | 2,320 |
| Net profit | **1,926** | 2,043 |
| Dividends paid (Note 17) | **(1,788)** | (1,788) |
| End of financial year | **2,713** | 2,575 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 17 Dividends

| | Group and Company | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Ordinary dividends paid | | |
| Final tax exempt (1-tier) dividend paid in respect of the previous financial year of 1 cent (2013: 1 cent) per share (Note 16) | **1,788** | 1,788 |

At the forthcoming Annual General Meeting on 24 October 2014, a final tax exempt (1-tier) dividend of 1 cent per share amounting to a total of $1,788,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2015.

## 18 Revenue

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Service income | **114,959** | 97,542 |

## 19 Other income

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Bad debts recovered | **1** | 25 |
| Interest income from bank deposit | **9** | 12 |
| Skills development grant | **363** | 195 |
| Government grant – PIC bonus | **60** | 23 |
| Others | **27** | 84 |
| | **460** | 339 |

## 20 Other (losses)/gains – net

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| (Losses)/gains on disposal of property, plant and equipment | **(89)** | 46 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 21 Other expenses

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Advertisement | **255** | 261 |
| Allowance for impairment of trade receivables (Note 30(b)(ii)) | **89** | 2 |
| Auditor's remuneration | | |
| – Fees on audit services paid/payable to auditor of the Company | **53** | 49 |
| – Fees on non-audit services paid/payable to: | | |
| (a) Auditor of the Company | **12** | 10 |
| (b) Other auditor of the Company | **19** | 23 |
| Bad debts written off | **31** | 48 |
| Directors fees | **112** | 112 |
| Foreign worker levies | **5,445** | 3,804 |
| Insurance | **480** | 279 |
| Laundry | **171** | 1,244 |
| Legal and professional fee | **187** | 258 |
| Medical fees | **278** | 143 |
| Postage, printing and stationery | **96** | 55 |
| Rental on operating leases | **1,323** | 983 |
| Repair and maintenance | **777** | 771 |
| Skill development levy | **139** | 117 |
| Staff training | **276** | 153 |
| Telephone | **170** | 137 |
| Transport | **467** | 665 |
| Upkeep of leasehold building | **212** | 23 |
| Upkeep of motor vehicles | **3,246** | 2,823 |
| Utilities | **217** | 269 |
| Workers' accommodation | **349** | 606 |
| Workers' welfare | **355** | 355 |
| Other | **1,370** | 574 |
| | **16,129** | 13,764 |

## 22 Employee benefits expense

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Salaries, wages and bonuses | **52,061** | 42,201 |
| Government grant – Special Employment Credit | **(2,321)** | (1,593) |
| Government grant – Wage Credit Scheme Payout | **(198)** | – |
| Employer's contribution to Central Provident Fund | **3,923** | 2,959 |
| | **53,465** | 43,567 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 22 Employee benefits expense (Cont'd)

The Special Employment Credit scheme is a cash grant introduced in the Singapore Budget Initiative 2011 to support employers as well as to raise the employability of older low-wage Singaporeans. The amount an employer can receive would depend on the fulfillment of the conditions as stated in the scheme.

The Government has introduced the Wage Credit Scheme to help businesses which may face rising wage costs in a tight labour market. Wage Credit Scheme payouts will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees. Over the period 2013 to 2015, the Government will co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage of $4,000 and below.

## 23 Finance expenses

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Interest expense | | |
| – Finance lease liabilities | **203** | 100 |
| – Bank loans | **302** | 273 |
| – Bank overdraft interests | **2** | – |
| | **507** | 373 |

## 24 Income tax expense

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| *(a) Income tax expense* | | |
| Tax expense attributable to profit is made up of: | | |
| – Current income tax | **1,176** | 968 |
| – Deferred income tax | **123** | (131) |
| | **1,299** | 837 |
| (Over)/under provision in prior financial years: | | |
| – Current income tax | **(267)** | 84 |
| – Deferred income tax | **440** | 14 |
| | **1,472** | 935 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 24 Income tax expense (Cont'd)

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

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Profit before income tax | **10,544** | 6,710 |
| Tax calculated at tax rate of 17% (2013: 17%) | **1,792** | 1,141 |
| Effects of: | | |
| – Income not subject to tax | **(1)** | (4) |
| – Expenses not deductible for tax purposes | **192** | 28 |
| – Singapore statutory stepped income exemption | **(129)** | (116) |
| – Tax incentives – Productivity and Innovation Credit | **(452)** | (126) |
| – Tax rebate | **(103)** | (86) |
| | **1,299** | 837 |

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Beginning of financial year | **962** | 1,117 |
| Income tax paid | **(693)** | (1,207) |
| Tax expense for the current year | **1,176** | 968 |
| (Over)/under provision in prior years | **(267)** | 84 |
| End of financial year | **1,178** | 962 |

## 25 Earnings per share

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| Net profit attributable to equity holders of the Company ($'000) | **8,965** | 5,734 |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | **178,800** | 178,800 |
| Basic and diluted earnings per share (cents) | **5.01** | 3.21 |

There were no dilutive potential ordinary shares during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 26 Related party transactions

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

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Professional fees | **(34)** | (34) |

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

*(b) Key management personnel compensation*

Key management personnel compensation is as follows:

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Directors' fees | **112** | 112 |
| Salaries, wages and bonuses | **2,671** | 2,023 |
| Employer's contribution to Central Provident Fund | **123** | 116 |
| | **2,906** | 2,251 |

The amounts above comprise directors' remuneration of the Company of $1,928,000 (2013: $1,369,000).

## 27 Segment information

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

No segmental information by geographical location is presented as all the revenue in the financial years ended 30 June 2014 and 2013 was derived in Singapore.

There is no single external end customer that contributed 10% or more of the revenue.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 28 Commitments

### (a) *Capital commitments*

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Property, plant and equipment | **19,900** | 2,698 |

### (b) *Operating lease commitments*

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

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Not later than one year | **677** | 825 |
| Between one and five years | **814** | 674 |
| Later than five years | **3,960** | 3,962 |
| | **5,451** | 5,461 |

The Group has two lease agreements with Jurong Town Corporation ("JTC"), i.e. 17A Senoko Way and No.2 Loyang Walk for the rental of two pieces of land from JTC for 60 years and 55 years commencing on 1 January 1994 and 1 May 1997 respectively. As at 30 June 2014, the remaining lease period of the 17A Senoko Way lease is 39 years and 6 months (2013: 40 years and 6 months) and No.2 Loyang Walk lease is 37 years and 11 months (2013: 38 years and 11 months). The annual rental for the lease recognised in profit or loss during the financial year amounted to $113,000 (2013: $108,000). The annual rental is subject to annual revision based on the market value at the discretion of the lessor, but the increase shall not exceed 5.5% of the annual rental for each immediate preceding year.

## 29 Contingent liabilities

As at 30 June 2014, the Company has corporate guarantees amounting to $46,375,000 (2013: $20,632,000) issued to banks for term loans, finance leases and bank overdrafts of the Group's subsidiaries, of which the amount at the end of the reporting period is $22,976,000 (2013: $7,831,000). The corporate guarantees issued to the Group's subsidiaries for foreign workers indemnity and performance bonds for various projects at the end of the reporting period are $2,710,000 (2013: $2,590,000) and $14,277,000 (2013: $11,035,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 29 Contingent liabilities (Cont'd)

The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefits derived from its guarantees to the banks and financial institutions with regard to the subsidiaries is minimal. The subsidiaries for which the guarantees were provided are in favourable equity positions and are profitable.

## 30 Financial risk management

The Group's activities expose it to market risk (including currency risk, price risk and interest 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 reviews and agrees policies and procedures for the management of these risks, which are executed by the Financial Controller. The Board and Audit Committee provide independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's practice that no derivative is to be undertaken.

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

### (a) Market risk

*(i) Currency risk*

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the Company. The Group's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

*(ii) Price risk*

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

If prices for equity securities listed in Singapore had changed by 10% (2013: 10%) with all other variables including tax rate is being held constant, the effect on net equity will be negligible.

*(iii) Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets, the Group's income is substantially independent of changes in market interest rates.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 30 Financial risk management (Cont'd)

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

The Group's borrowings at variable rates are denominated in SGD. If the SGD interest rates increase/decrease by 0.5% (2013: 0.5%) with all other variables including tax rate is being held constant, the net profit will be lower/higher by $71,000 (2013: $65,000) as a result of higher/lower interest expense on these borrowings.

### (b) Credit risk

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

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

| | Company | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Corporate guarantee provided to banks on subsidiaries' borrowings at the end of the reporting period | **22,976** | 7,831 |

The subsidiaries have not defaulted in the payment of borrowings in the financial years ended 30 June 2014 and 30 June 2013. As at the end of the reporting period, no claims on the financial guarantee are expected.

The Group has no significant concentrations of credit risk for each class of its financial assets.

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| By types of customers | | |
| Non-related parties | **29,959** | 20,507 |

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 30 Financial risk management (Cont'd)

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

*(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 | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Past due up to 3 months | **2,456** | 2,362 |
| Past due 3 to 6 months | **355** | 335 |
| Past due over 6 months | **13** | 208 |
| | **2,824** | 2,905 |

The Group believes that the unimpaired amounts that are past due are still collectible, based on historic payment patterns.

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

| | Group | |
|---|---|---|
| | **2014** | 2013 |
| | **$'000** | $'000 |
| Gross amount | **102** | 45 |
| Less: Allowance for impairment | **(102)** | (45) |
| | **–** | – |
| Beginning of financial year | **45** | 65 |
| Allowance made (Note 21) | **89** | 2 |
| Allowance utilised | **(30)** | (17) |
| Recovery of allowance | **(2)** | (5) |
| End of financial year (Note 5) | **102** | 45 |

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 30 Financial risk management (Cont'd)

### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities (Note 11) and the ability to close out market positions at a short notice. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 4.

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

| | Less than 1 year $'000 | Between 1 and 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **At 30 June 2014** | | | | |
| Trade and other payables | **12,101** | **–** | **–** | **12,101** |
| Borrowings | **6,772** | **19,765** | **10,186** | **36,723** |
| At 30 June 2013 | | | | |
| Trade and other payables | 10,586 | – | – | 10,586 |
| Borrowings | 2,252 | 6,945 | 11,505 | 20,702 |
| **Company** | | | | |
| **At 30 June 2014** | | | | |
| Trade and other payables | **1,019** | **–** | **–** | **1,019** |
| Financial guarantee contract | **22,976** | **–** | **–** | **22,976** |
| Borrowings | **264** | **3,156** | **9,190** | **12,610** |
| At 30 June 2013 | | | | |
| Trade and other payables | 2,848 | – | – | 2,848 |
| Financial guarantee contract | 7,831 | – | – | 7,831 |
| Borrowings | – | 1,896 | 10,172 | 12,068 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 30 Financial risk management (Cont'd)

### (d) Capital risk

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

Management monitors capital based on a gearing ratio and compliance of externally imposed capital requirements. The Group's strategies, which were unchanged from 2013, are to maintain: (i) gearing ratios not exceeding 100%; and (ii) net worth at not less than $6 million at all times.

*(i) Gearing ratio*

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Net debt | **41,636** | 22,339 | **12,547** | 13,453 |
| Total equity | **41,552** | 34,417 | **25,485** | 25,347 |
| Total capital | **83,188** | 56,756 | **38,032** | 38,800 |
| Gearing ratio | **50%** | 39% | **33%** | 35% |

*(ii) Net worth*

Net worth is calculated as total assets less total liabilities.

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Total assets | **91,593** | 67,018 | **38,354** | 40,045 |
| Total liabilities | **50,041** | 32,601 | **12,869** | 14,698 |
| | **41,552** | 34,417 | **25,485** | 25,347 |

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2014 and 2013.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 30 Financial risk management (Cont'd)

### (e) Fair value measurement

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

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

| | **Level 1** **$'000** |
|---|---|
| **Group** | |
| Available-for-sale financial assets | |
| **2014** | **3** |
| 2013 | 5 |

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amount.

### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and in Note 9 to the financial statements, except for the following:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014** **$'000** | 2013 $'000 | **2014** **$'000** | 2013 $'000 |
| Loans and receivables | **36,870** | 29,796 | **5,810** | 6,804 |
| Financial liabilities at amortised cost | **46,928** | 30,267 | **12,869** | 14,698 |

## 31 Events occurring after the balance sheet date

(a) On 13 August 2014, a subsidiary of the Company, 800 Super Waste Management Pte Ltd acquired a property at No. 18 Sungei Kadut Street 4, Singapore 729046 for a consideration sum of $4,200,000.

(b) On 3 September 2014, the Company entered into a sale and purchase agreement with one of the directors of Focus Learning Centre Pte Ltd ("FLC"), Mr Lee Sik Kiong, in relation to the sale of its entire shareholding in the issued and paid-up share capital of FLC, a 70% owned subsidiary of the Company (the "Disposal"), consisting 105,000 ordinary shares ("Sale Shares"). FLC is principally engaged in providing job training and vocational rehabilitation services, as well as corporate training services and motivational courses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 31 Events occurring after the balance sheet date (Cont'd)

The aggregate purchase consideration for the Sale Shares is S$126,000 ("Purchase Consideration"), which was arrived at on a willing-buyer willing-seller basis taking into consideration, inter alia, the unaudited book value and the unaudited net tangible asset value attributable to the Sale Shares as at 31 July 2014. The Purchase Consideration will be satisfied by the Purchaser in cash. Upon completion of the Disposal, FLC shall cease to be a subsidiary of the Company.

The above events are not expected to have a material effect to the Group for the financial year ending 30 June 2015.

## 32 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group and the Company's accounting periods beginning on or after 1 July 2014 or later periods and which the Group and the Company has not early adopted:

| FRS No. | Title | Effective for annual periods beginning on or after |
|---|---|---|
| FRS 27 | Separate Financial Statements | 1 Jan 2014 |
| FRS 28 | Investments in Associates and Joint Venture | 1 Jan 2014 |
| FRS 110 | Consolidated Financial Statements | 1 Jan 2014 |
| FRS 111 | Joint Arrangement | 1 Jan 2014 |
| FRS 112 | Disclosure of Interest in Other Entities | 1 Jan 2014 |
| FRS 19 | Amendments to FRS 19: Defined Benefit Plans: Employee Contributions | 1 Jul 2014 |
| FRS 32 | Amendments to FRS 32: Financial Instruments: Offsetting of Financial Liabilities and Assets | 1 Jan 2014 |
| FRS 36 | Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets | 1 Jan 2014 |
| FRS 39 | Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting | 1 Jan 2014 |
| FRS 110, FRS 111, FRS 112, FRS 27 and FRS 28 | Amendments to FRS 110, FRS 111, FRS 112 and FRS 27 (2011) and FRS 28 (2011): Mandatory Effective Date | 1 Jan 2014 |
| FRS 110, FRS 111 and FRS 112 | Amendments to FRS 110, FRS 111 and FRS 112: Transition Guidance | 1 Jan 2014 |
| FRS 110, FRS 112 and FRS 27 | Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities | 1 Jan 2014 |
| FRS 102 | Amendment to FRS 102 Share-based payment | 1 Jul 2014 |
| FRS 114 | Regulatory Deferral Accounts | 1 Jan 2016 |
| FRS 108 | Amendments to FRS 108 Operating Segments | 1 Jul 2014 |
| FRS 16 | Amendment to FRS 16 Property, Plant and Equipment | 1 Jul 2014 |
| FRS 24 | Amendment to FRS 24 Related Party Disclosures | 1 Jul 2014 |
| FRS 38 | Amendment to FRS 38 Intangible Assets | 1 Jul 2014 |
| FRS 103 | Amendment to FRS 103 Business Combinations | 1 Jul 2014 |
| FRS 113 | Amendments to FRS 113 Fair Value Measurement | 1 Jul 2014 |
| FRS 40 | Amendment to FRS 40 Investment Property | 1 Jul 2014 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

## 32 New or revised accounting standards and interpretations (Cont'd)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

## 33 Authorisation of financial statements for issue

The consolidated financial statements of 800 Super Holdings Limited and its subsidiaries for the financial year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 29 September 2014.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2014

## SHARE CAPITAL

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

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| **1 – 999** | – | – | – | – |
| **1,000 – 10,000** | 182 | 42.42 | 1,104,000 | 0.62 |
| **10,001 – 1,000,000** | 235 | 54.78 | 23,616,600 | 13.21 |
| **1,000,001 and above** | 12 | 2.80 | 154,079,400 | 86.17 |
| **Total** | 429 | 100.00 | 178,800,000 | 100.00 |

## TWENTY LARGEST SHAREHOLDERS AS AT 17 SEPTEMBER 2014

| | NAME OF SHAREHOLDER | NO. OF SHARES | % |
|---|---|---|---|
| 1 | YONG SEONG INVESTMENT PTE. LTD. | 118,005,000 | 66.00 |
| 2 | VENSTAR INVESTMENTS LTD | 8,335,000 | 4.66 |
| 3 | LEE HOCK SEONG | 5,002,200 | 2.80 |
| 4 | LEE KOH YONG | 5,002,200 | 2.80 |
| 5 | LEE CHENG CHYE | 4,287,600 | 2.40 |
| 6 | UOB KAY HIAN PTE LTD | 4,208,000 | 2.35 |
| 7 | CIMB SECURITIES (SINGAPORE) PTE LTD | 2,028,000 | 1.13 |
| 8 | LEE KIM ENG | 1,786,500 | 1.00 |
| 9 | GOH GUAN SIONG (WU YUANXIANG) | 1,647,000 | 0.92 |
| 10 | DBS NOMINEES PTE LTD | 1,358,000 | 0.76 |
| 11 | FOO SHIANG PING | 1,348,000 | 0.75 |
| 12 | LEE THIAM SENG | 1,071,900 | 0.60 |
| 13 | PHILLIP SECURITIES PTE LTD | 959,000 | 0.54 |
| 14 | ONG POH LIM @ ONG PAO LIM | 900,000 | 0.50 |
| 15 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 900,000 | 0.50 |
| 16 | CHEE KWAI FUN (ZHU GUIFEN) | 880,000 | 0.49 |
| 17 | CHAN KOK HIANG | 840,000 | 0.47 |
| 18 | LIM TUAN WAN | 825,000 | 0.46 |
| 19 | HAN CHOON SIANG | 800,000 | 0.45 |
| 20 | GBM VENTURE PTE LTD | 750,000 | 0.42 |
| | **TOTAL** | **160,933,400** | **90.00** |

# STATISTICS OF SHAREHOLDINGS

AS AT 17 SEPTEMBER 2014

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 17 September 2014 are:

| | No. of Ordinary shares | | | |
|---|---|---|---|---|
| **Name** | **Direct Interest** | **%** | **Indirect Interest** | **%** |
| Yong Seong Investment Pte. Ltd. | 118,005,000 | 66.00 | – | – |
| Lee Koh Yong[(1)] | 5,002,200 | 2.80 | 118,005,000 | 66.00 |
| Lee Cheng Chye[(1)] | 4,287,600 | 2.40 | 118,005,000 | 66.00 |
| Lee Hock Seong[(1)] | 5,002,200 | 2.80 | 118,005,000 | 66.00 |

Note:

(1) Mr Lee Koh Yong, Mr Lee Cheng Chye and Mr Lee Hock Seong are siblings and are each deemed to be interested in the 118,005,000 shares held by Yong Seong Investment Pte. Ltd. by virtue of their respective shareholdings of 28%, 24% and 28% in Yong Seong Investment Pte. Ltd..

## PUBLIC FLOAT

Based on information available to the Company as at 17 September 2014, approximately 19.49% of the Company's issued ordinary shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Listing Manual.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting ("**AGM**") of **800 Super Holdings Limited** (the "**Company**") will be held at 17A Senoko Way, Singapore 758056 on Friday, 24 October 2014 at 10.00 a.m. for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Accounts for the financial year ended 30 June 2014 together with the Directors' Report and Auditors' Report thereon. **Resolution 1**

2. To declare a tax-exempt one-tier Final Dividend of one (1) Singapore cent per ordinary share in the capital of the Company for the financial year ended 30 June 2014. **Resolution 2**

3. To approve the payment of Directors' Fees of S$121,000 for the financial year ending 30 June 2015, to be paid quarterly in arrears. **Resolution 3**

4. To re-elect Mr Chan Teck Ee Vincent who is retiring under Article 107 of the Articles of Association, as Director of the Company. **Resolution 4**

5. To re-elect Mr Lye Hoong Yip Raymond who is retiring under Article 107 of the Articles of Association, as Director of the Company.
[See Explanatory Note (i)] **Resolution 5**

6. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

7. To transact any other ordinary business which may be properly transacted at an annual general meeting.

**AS SPECIAL BUSINESS**

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

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

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

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

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

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

# NOTICE OF ANNUAL GENERAL MEETING

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

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

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

(aa) new Shares arising from the conversion or exercise of convertible securities;

(bb) new Shares arising from exercising of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

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

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

(iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)] **Resolution 7**

**BY ORDER OF THE BOARD**

**ONG WEI JIN**
**COMPANY SECRETARY**
**9 October 2014**
**SINGAPORE**

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes:**

(i) If re-elected under Resolution 5 set out in item 5 above, Mr Lye Hoong Yip Raymond will remain as the Chairman of the Remuneration Committee, a member of the Audit Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

(ii) Resolution 7 set out in item 8 above, if passed, will empower the Directors from the date of this AGM until the date of the next annual general meeting or the date by which the next annual general meeting is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed one hundred percent (100%) of the total number of issued Shares excluding treasury shares of which the aggregate number of Shares and/or convertible securities other than on a pro-rata basis to all shareholders of the Company shall not exceed fifty percent (50%) of the total number of issued Shares excluding treasury shares.

**Notes:**

(i) A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead.

(ii) Where a member appoints two 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 percent (100%) of his/her shareholding and the second named proxy shall be deemed to be an alternate to the first named.

(iii) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

(iv) The instrument appointing a proxy must be deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 at least 48 hours before the time of the AGM.

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# PROXY FORM

(Please see notes overleaf before completing this Form)

## 800 SUPER HOLDINGS LIMITED (THE "COMPANY")

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

I/We, ______________________________ (Name) NRIC/Passport No. ____________________

of ____________________________________________________________ (Address)

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

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

*and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the Annual General Meeting of the Company (the "Meeting") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Meeting to be held at 17A Senoko Way, Singapore 758056 on 24 October 2014 at 10.00 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

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

| No. | Resolutions relating to: | *For | *Against |
|---|---|---|---|
| **Ordinary Business** | | | |
| 1 | Adoption of the Audited Accounts, Directors' Report and Auditor's Report for financial year ended 30 June 2014 | | |
| 2 | Declaration of Final Dividend (tax-exempt one-tier) of one (1) Singapore cent per ordinary share for the financial year ended 30 June 2014 | | |
| 3 | Payment of Directors' Fees amounting to S$121,000 for the financial year ending 30 June 2015, to be paid quarterly in arrears | | |
| 4 | Re-election of Chan Teck Ee Vincent as a Director of the Company | | |
| 5 | Re-election of Lye Hoong Yip Raymond as a Director of the Company | | |
| 6 | Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditor of the Company | | |
| **Special Business** | | | |
| 7 | General authority to allot and issue new shares | | |

Dated this ________ day of ______________ 2014.

| Total Number of Shares in: | No. of Shares |
|---|---|
| CDP Register | |
| Register of Members | |

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

**Notes:**

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 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 registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2 A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf.

3 Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent 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 office of the Company's share registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 at least 48 hours before the time appointed for the Meeting.

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 Meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

7 Please indicate "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 a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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(65) 6578 6522

**800 SUPER HOLDINGS LIMITED**
(Company Registration No. 201108701K)
(Incorporated in the Republic of Singapore on 11 April 2011)

800 Super Holdings Limited
No. 17A Senoko Way Singapore 758056
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