



ANNUAL REPORT 2014

**THINKING  
OUT OF THE BOX**

# Solutions For A New World



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# Vision

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We want to be the leader and most admired company in our industry.

## Corporate Profile

We are a leading provider of total logistics management services in Singapore, serving a wide array of industries and an extensive customer base of local and international corporations.

# Financial Highlights at a Glance

## Overview of Financial Year 2014

	FY2014	FY2013	FY2012
<b>Revenue</b> (S\$)	<b>118.5</b> million	112.8 million	96.2 million
<b>Profit before tax</b> (S\$)	<b>28.6</b> million	18.0 million	9.7 million
<b>Profit after tax</b> (S\$)	<b>24.7</b> million	15.1 million	7.8 million
<b>Earnings per share</b> (Singapore cent)	<b>5.15</b>	3.16	1.62
<b>Dividend per share</b> (Singapore cent)	<b>3.76</b>	1.26	0.20
• Final	2.58	1.26	0.20
• Special	1.18	-	-
<b>Net asset value per share</b> (Singapore cent)	<b>20.18</b>	16.29	13.30

For periods of 12 months ended 31 December of the respective financial years



Storage and handling of Project Cargo (steel pipes) by our dedicated team.

# Our Businesses

## WHAT WE DO



### **AUTOMOTIVE LOGISTICS MANAGEMENT SERVICES**

Driven towards your  
automobile needs



### **CONTAINER DEPOT MANAGEMENT SERVICES**

Thinking out of  
the box



### **WAREHOUSING AND PROPERTY MANAGEMENT SERVICES**

State-of-the-art  
warehouse



### **TRANSPORTATION MANAGEMENT SERVICES**

Driven by  
excellence



# Corporate Profile

## Solutions For A New World

Founded more than 40 years ago with a small fleet of trucks for its transportation management business, Cogent, has grown from strength to strength and is today one of Singapore's leading logistics management service providers with an extensive suite of services including Transportation Management Services, Warehousing Management Services, Container Depot Management Services and Automotive Logistics Management Services.

Apart from focusing on the growth of the Group's core logistics businesses, Cogent made a strategic decision to diversify into Property Management Services to boost and diversify the Group's earnings streams, with the redevelopment of the former Turf Club into a 1 million square feet lifestyle hub called The Grandstand.

More recently, the Group developed a state-of-the-art one-stop logistics facility called Cogent 1. Logistics Hub. The patented and first-of-its-kind Hub has a gross floor area of approximately 1.6 million square feet comprising multi-level ramp-up warehouses and a unique roof-top container depot. The growth of its Warehousing and Property Management Services segment together with the Container Depot Management Services segment will continue to enhance the Group's overall operational and cost efficiencies and play a significant role in positioning Cogent as a strong brand name in Singapore's thriving logistics landscape.

In 2014, Cogent was named one of Asia's 200 Best Under a Billion companies by Forbes Asia.



## Who We Are

We are a leading provider of total logistics management services in Singapore, serving a wide array of industries and an extensive customer base of local and international corporations.



## One-Stop Comprehensive Services

Cogent's businesses are categorised into 4 business segments:

### Automotive Logistics Management Services

- Licensed by Singapore Customs to store dutiable motor vehicles at multiple sites.
- Processes, transports and stores automobiles, as well as assisting with port and customs clearance.

- Licensed to operate in the Export Processing Zone which includes de-registration and export of pre-owned motor vehicles.
- Assists government agencies or authorities in the repossession of cars with outstanding road taxes and the impounding of illegally-modified cars as well as the removal of vehicles involved in accidents.



### Container Depot Management Services

- One of the largest container depot premises in Singapore located at a single location, which can store more than 20,000 TEUs (Twenty-foot Equivalent Units).
- Provides container depot services to major shipping lines and container leasing companies.
- Cogent's team of highly skilled and experienced technicians is trained to handle all kinds of repairs including modifications to various types of containers.

### Warehousing and Property Management Services

- One of the early and leading players in chemical logistics services.
- Operates a few warehousing facilities that provide comprehensive logistics services, including drum-filling of chemical products, warehouse storage for NEA and SCDF licensed products and general cargoes, inventory management as well as distribution.
- Bonded facilities are also available to cater to clients' re-export shipping requirements.
- All warehouse personnel handling dangerous cargoes and chemicals are trained and have adequate experience and knowledge in handling and storing chemical cargoes. In addition, Cogent has a team of trained and experienced Emergency Response Team (ERT) personnel ready to handle any spillage incident.

- Cogent 1. Logistics Hub - The patented Cogent One-Stop Logistics Hub, has a gross floor area of approximately 1.6 million square feet comprising multi-level ramp-up warehouses and a state-of-the-art roof-top container depot.
- In 2012, Cogent redeveloped the former Turf Club, and transformed it into a 1 million square feet lifestyle hub called The Grandstand. Located in the heart of the affluent precinct of Bukit Timah, The Grandstand offers an eclectic infusion of food and beverage concepts, a cluster of enrichment and activity centres for children, and a host of retail outlets including a hypermarket, and Singapore's first farmers' market featuring more than 70 independent gourmet grocers and specialty stores. It is also home to one of the largest car marts in Singapore.

### Transportation Management Services

- Major player in Singapore's transportation logistics industry with a specialized fleet of more than 100 prime movers.
- Highly trained team that is certified to handle and transport dangerous goods, and manage emergencies.
- Experienced with a good track record for port clearance of large volume steel cargoes and break-bulk cargoes such as steel pipes, steel plates, deformed bars, rack and chord, rails and etc.
- Provides container and break-bulk trucking and specialised equipment support, as well as handling a wide variety of out-of-gauge cargoes, ad-hoc projects and heavy lift services such as factory removal and set-up, exhibitions and barging.



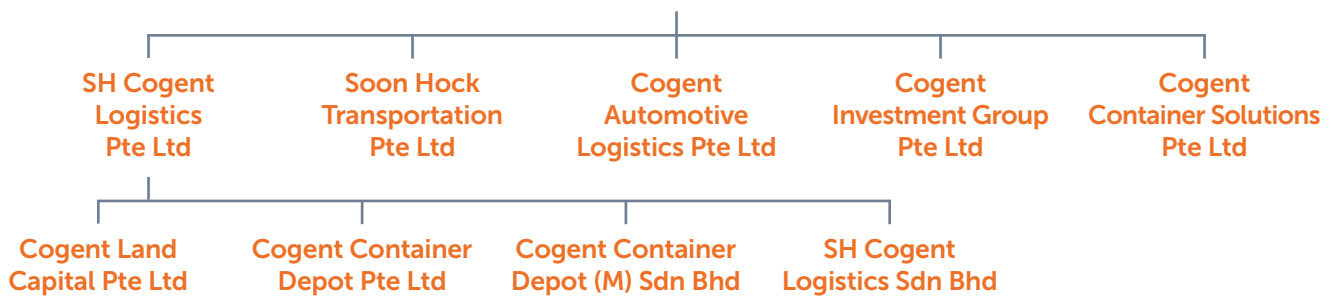



Ristorante Da Valentino at The Grandstand



## The Group Structure

### COGENT HOLDINGS LIMITED





**63%**  
jump in net profit to  
**S\$24.7m**

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Moving ahead, we will continue to look at innovating our business processes and offering higher value services in order to differentiate ourselves from the competition.

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**Tan Yeow Khoon**  
Executive Chairman

# Letter from Chairman

Dear Shareholders,

The Group reported yet another sterling set of results in FY2014 – full-year net profit attributable to shareholders jumped 63% to \$24.7 million, boosted by stronger core operating performance, including better cost management across most of the Group's businesses, and a \$6.9 million one-time gain (net of tax) from the disposal of property, plant and equipment. Excluding this exceptional gain, full-year net profit would still be strong, rising 18% to \$17.8 million year-on-year.

For the year ended 31 December 2014, the Group posted a 63% increase in basic earnings per ordinary share to 5.15 Singapore cents, while net asset value per ordinary share gained 3.89 cents, or 24%, to 20.18 Singapore cents.

## Dividend

In appreciation for the support from our shareholders, the Directors have recommended a final dividend of 2.58 Singapore cents per share as well as a special dividend of 1.18 Singapore cents per share for FY2014. The total proposed dividend of 3.76 Singapore cents per share, or \$18.0 million, translates into 73% of the net profit attributable to owners in FY2014.

## Segment Review

During FY2014, Group revenue rose by 5% to \$118.5 million, led by Automotive Logistics Management Services which posted the largest increase of 12% to \$23.4 million, due to the increased demand for vehicle storage services and vehicle transportation. Container Depot Management Services saw an 8% revenue rise to \$19.8 million on the back of service rate hike while Transportation Management Services generated marginally higher revenue of \$30.9 million year-on-year. Maiden contribution



(Left to right) Thapana Sirivadhanabhakdi, President and CEO, Thai Beverage Public Company Ltd.; M. R. Pridiyathorn Devakula, Deputy Prime Minister, Thailand; Tan Yeow Khoon, Executive Chairman, Cogent Holdings Limited; Christopher Forbes, Vice Chairman, Forbes Media LLC; Chansak Fuangfu, Director and Senior Executive Vice President, Bangkok Bank Public Company Ltd.

Following the expiry of the first lease term at The Grandstand, the Group has successfully renewed the lease term for a further second lease term of three years from 1 March 2015. It has also secured at least 90% in lease take-ups at The Grandstand for both the lifestyle hub and the car mart over the next three years.

In seeking growth opportunities beyond Singapore, the Group had established, in May 2014, a wholly-owned indirect subsidiary in Malaysia - SH Cogent Logistics Sdn Bhd - to operate a container depot and warehouse facilities within the Port Klang Free Zone. Construction of these facilities is slated to complete before end of 2015.

## Corporate Social Responsibility

This year, the Group has double reasons to celebrate – 2015 is the year that Singapore celebrates its Jubilee and for Cogent, five fruitful years as a listed company on the Singapore Exchange's Mainboard. We are ever grateful

to do house-to-house distribution to the elderly, as well as pooling money amongst the staff for corporate donations.

## Appointment

On 1 January 2015, the Group's Deputy Chief Executive Officer, Mr Benson Tan Min Cheow, was appointed as Chief Executive Officer.

Mr Benson Tan joined the Group in April 2004 as Assistant Manager and rose through the ranks to Group General Manager in February 2010 and Deputy Chief Executive Officer and Executive Director on March 2013. Apart from assisting me with the planning and execution of Cogent's listing on the Singapore Exchange, Mr Benson Tan was instrumental in the Group's diversification into property management with the successful launch of The Grandstand, as well as the management of the Cogent 1 Logistics Hub project.

With his appointment, I have since relinquished my role as CEO, and will focus my efforts on steering the Group strategically as Executive Chairman.

Moving ahead, we will continue to look at innovating our business processes and offering higher value services in order to differentiate ourselves from the competition.

## Appreciation

Cogent, which started its business of transportation services with a small fleet of trucks more than 40 years ago, has grown from strength to strength into one of Singapore's leading logistics management service providers in Transportation Management Services, Warehousing and Property Management Services, Container Depot Management Services and Automotive Logistics Management Services. In 2014, Cogent was named one of *Asia's 200 Best Under a Billion* companies by Forbes Asia.

This is no mean feat, and I would not have been able to achieve this success without all of you. I have so many people to thank – our management, staff, customers and business partners. I would also like to thank all of my fellow directors on the Board for their strategic counsel and cooperation, and to you – our shareholders – for your continued support.

Invariably, the years ahead will be fraught with even bigger challenges, but together we can overcome and carve out greater achievements for the Group. May I take this opportunity to wish you all a great year ahead!

*Tan Yeow Khoon*  
Tan Yeow Khoon  
Executive Chairman



from the Group's new integrated logistics complex - Cogent 1 Logistics Hub (Cogent One-Stop Logistics Hub) - raised the revenue of Warehousing and Property Management Services by 4% to \$46.3 million.

## Business Outlook

The highlight of the year in review would have been the completion of Cogent 1 Logistics Hub which received the Temporary Occupancy Permit ("TOP") from the Building & Construction Authority on 30 December 2014. All eyes are on the roof-top container depot's operational readiness in FY2015 following the commissioning of the roof-top crane infrastructure. Moving ahead, we will focus on upsizing the Group's logistics operations in this new, state-of-the-art facility. As it stands now, the warehouse section of the Cogent 1 Logistics Hub has achieved a utilization rate of at least 85% with approximately 1.2 million square feet (out of the total 1.4 million square feet available space) generating income.

to Singapore for the opportunity to grow our business, which was founded more than 40 years ago, and to be able to transform Cogent as a publicly listed company. In response to this double happiness, we felt it would be meaningful to bless the community by donating S\$50,000 each to two charities - The Straits Times School Pocket Money Fund and The Business Times Budding Artists Fund.

At Cogent, we believe that as our community thrives, we flourish. It is this fundamental ethos that motivates us to do more for the people around us. Since 2012, we have been actively partnering with Community Chest Singapore to raise funds for its charitable social service programmes. In 2013, we launched a charity project at The Grandstand, called "WALK" ("We All Love Kids"), which organizes fun and educational activities for underprivileged children at The Grandstand every month. In addition, we collaborate with Lions Befrienders Service Association (Singapore)

# Board of Directors



## Tan Yeow Khoon

### Executive Chairman

Mr Tan Yeow Khoon is our Executive Chairman and the founder of our Group. Mr Tan Yeow Khoon has more than 40 years of experience in the logistics services industry. Mr Tan Yeow Khoon began working in his family business in 1963. In the 1970s, Mr Tan Yeow Khoon took over the family business and set up a partnership known as Soon Hock Transport which provided Transportation Management Services for the delivery of goods from the Singapore ports to designated premises of its customers. Mr Tan Yeow Khoon has been instrumental in the growth of the family business, which has since expanded to include Automotive Logistics Management Services, Container Depot Management Services, Warehousing and Property Management Services.

As the Executive Chairman of our Group, Mr Tan Yeow Khoon oversees all business operations of our Group, including making major business and finance decisions.

Mr Tan Yeow Khoon is the brother of Mr Edwin Tan Yeow Lam, Managing Director and substantial shareholder of the Company. He is also the father of Mr Tan Min Cheow, Benson, an Executive Director & CEO of the Company.

## Tan Min Cheow, Benson

### Executive Director & CEO

Mr Tan Min Cheow, Benson joined SH Cogent Logistics Pte Ltd ("SHCL") in 2004 after completing his studies. He is responsible for setting the group strategic directions and overseeing the group business. Mr Benson Tan has been instrumental in obtaining various key contracts and long-term partnerships for the provision of logistics services with big players in the industries such as Keppel FELS, The Polyolefin Company (S) Pte. Ltd., NatSteel Group and ArcelorMittal Singapore Private Limited.

In 2011, Mr Benson Tan started Cogent Land Capital Pte. Ltd. ("CLC"), a property management arm of the Group and serve as its CEO. CLC has taken over the management of a one million square feet state-property at 200 Turf Club Road. Under his leadership, the property has been successfully rebranded into a popular family and lifestyle destination known as "The Grandstand". The Grandstand houses a wide variety of dining and services outlets, kids' activities clusters and pre-owned car showrooms.

Mr Benson Tan is the son of our Executive Chairman and controlling shareholder, Mr Tan Yeow Khoon and the nephew of our Managing Director and substantial shareholder, Mr Edwin Tan Yeow Lam.

## Edwin Tan Yeow Lam

### Managing Director

Mr Edwin Tan Yeow Lam is our Managing Director. Since 1976, together with Mr Tan Yeow Khoon, Mr Edwin Tan has been involved in the operations of the family business throughout its growth and expansion and has accumulated more than 33 years of experience in the logistics services industry. As the Managing Director of our Group, Mr Edwin Tan oversees the business operations of our Group and is jointly involved in the decision making process of key business plans of our Group with Mr Tan Yeow Khoon.

Mr Edwin Tan is the brother of Mr Tan Yeow Khoon, Executive Chairman and controlling shareholder of the Company. He is also the uncle of Mr Tan Min Cheow, Benson, an Executive Director & CEO of the Company.



## Chan Soo Sen

### Lead Independent Director

Mr Chan Soo Sen is our Lead Independent Director. He also holds directorships in two other listed companies in Singapore, namely Midas Holdings Limited and BreadTalk Group Limited. He was previously a director of SunMoon Food Company Limited.

Mr Chan had served in various ministries including the Prime Minister's Office, Ministry of Health, Ministry of Community Development, Youth and Sports, Ministry of Education, and Ministry of Trade and Industry from 1997 to 2006. In 2001, he was appointed Minister of State. He retired from ministerial appointments in May 2006. He served as Member of Parliament for Joo Chiat Constituency from 2001 to 2011. He joined Keppel Corporation Ltd as Director, Chairman's Office to oversee general management of staff from July 2006 to June 2009. Before entering politics, Mr Chan played an instrumental role in the starting up of the China-Singapore Suzhou Industrial Park as its founding Chief Executive Officer in 1994 and was also the Executive Director of the Chinese Development Assistance Council in 1992. Mr Chan graduated from the University of Oxford, United Kingdom in 1978 and holds a Master in Management Science from the University of Stanford, United States of America.

Mr Chan does not have any relationships including immediate family relationships with the Directors, the Company or its 10% shareholders as defined in the Code of Corporate Governance 2012.

## Chua Cheow Khoon, Michael

### Independent Director

Mr Chua Cheow Khoon, Michael is our Independent Director.

He is an Executive Director of BMD Consulting Pte Ltd, a management consultancy practice in Singapore. He is also an Independent Non-Executive Chairman of JB Foods Limited, a company listed on the Mainboard of SGX-ST. Previously, he was a Lead Independent Director of Cedar Strategic Holdings Ltd, and Non-Executive Director of National Car Rentals Pte Ltd. He was also formerly the Chief Investment Officer of Sapphire Corporation Limited. He has more than 30 years of experience in accounting, corporate finance, general management and management consultancy and has held senior positions in multinational companies including the Singapore Technologies group of companies and the Sembcorp group of companies. Mr Michael Chua holds a degree in accountancy from the Mitchell College of Advanced Education and is a Fellow of CPA Australia.

Mr Michael Chua does not have any relationships including immediate family relationships with the Directors, the Company or its 10% shareholders as defined in the Code of Corporate Governance 2012.

## Teo Lip Hua, Benedict

### Independent Director

Mr Teo Lip Hua, Benedict is our Independent Director.

He has more than 20 years of experience in the legal industry and has been named in Chambers Global and Chambers Asia-Pacific as a recommended corporate lawyer in capital markets. He specialises in corporate finance, capital market, mergers and acquisitions, general corporate matters and China related matters and is currently a Director of the Corporate and Finance Department at Drew & Napier LLC. He holds a Bachelor of Laws and a Master of Laws (Chinese Law) from the National University of Singapore. He is also a member of the Singapore Academy of Law and the Law Society of Singapore.

Mr Benedict Teo does not have any relationships including immediate family relationships with the Directors, the Company or its 10% shareholders as defined in the Code of Corporate Governance 2012.



# Senior Management Team

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## WHO STEER US

### Alvin Tan Kok Sian

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#### Director of Business Development

Mr Alvin Tan Kok Sian has more than 20 years of experience in the logistics services industry. He joined SH Cogent Logistics Pte Ltd ("SHCL") in 1993 and has since been in charge of the business development of our Group. He oversees the container depot operations of our Group and is responsible for the sales and marketing and customer relations of our Group.

Mr Alvin Tan is a director of the Container Depot Association (Singapore).

Mr Alvin Tan is the brother-in-law of our Executive Chairman, Mr Tan Yeow Khoon and our Managing Director, Mr Edwin Tan Yeow Lam.

### Yap Chee Sing

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#### General Manager, Chairman's Office

Mr Yap Chee Sing is responsible for assisting the Chairman in all matters relating to the operations of our Group. His job responsibilities include liaising with the management staff and executing management plans assigned by the Chairman.

Prior to joining SHCL in 2008, Mr Yap had accumulated more than 19 years of experience in the logistics industry, having previously been with Asahi Techno Vision (S) Pte Ltd and the Steamers Maritime Holding Limited group of companies. Mr Yap holds a Bachelor of Theology from the Southeast Asia Union College, Singapore and a Bachelor of Science in Business Administration from Walla Walla College, USA.

### Loy Suan Choo

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#### Chief Financial Officer

Mr Loy Suan Choo oversees and manages the Group's finance function including accounting, group financial reporting, taxation, compliance, treasury, investment appraisal and internal controls.

Mr Loy joined the Group in July 2009. He has at least 18 years of experience in accounting, finance and audit. He graduated from Nanyang Technological University with a Bachelor of Accountancy in 1996. He is a member of the Institute of Singapore Chartered Accountants.

### Jermaine Low

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#### General Manager, HR /Admin

Ms Jermaine Low is responsible for the full spectrum of human resources management and administrative functions in the Group. She oversees all matters related to human resources, security, facilities, insurance and claims as well as regulatory and legal issues.

Ms Low has been both a local and regional HR practitioner for the last 25 years. She holds an MBA from Imperial College, UK.

# Community Engagement

## CORPORATE SOCIAL RESPONSIBILITY

As responsible corporate citizens, Cogent acknowledges its intrinsic role in contributing to the community and believes that as communities thrive, we thrive. As such, we strive to build closer relationships with the world to foster a more caring and holistic community.



Our engagement with the community is based on the twin pillars of sustainability and good governance. Cogent has supported several non-profit organisations in Singapore. The spirit of volunteerism is reflected amongst Cogent's employees who have been actively contributing through corporate donations, monthly visits of the underprivileged children who will spend an afternoon of fun with us, and house-to-house item distribution for the elderly.

With the aim of enhancing living standards of the less fortunate in the community, Cogent has been an ardent supporter of the following initiatives:

### Community Chest Donation

Since 2012, Cogent has been actively collaborating with Community Chest Singapore to raise funds for charitable social service programmes. We believe that every cent makes a difference to the community. Therefore, we strongly encourage our employees to contribute

monthly to this charity fund to assist the less fortunate.

We are honoured to be one of the donors funding 228 critical social service programmes offered by 83 charities to help over 300,000 people. These programmes will help provide





education and therapy for children with special needs, keep at-risk youths on track and help the disabled to lead independent lives while keeping lower-income families together.

### **“We All Love Kids” (WALK) Project**

To celebrate The Grandstand’s first anniversary on 1 March 2013, Cogent Land Capital launched a charity project named the “WALK” (“We All Love Kids”). WALK is part of our Corporate Social Responsibility initiative to share the fun and enriching facilities at The Grandstand with underprivileged children.

We have engaged Melrose Home under the Children’s Aid Society, as the beneficiary for our WALK Project. Melrose Home provides a supportive environment for children and teenagers with care and protection within a residential setting. Melrose Home currently houses about 45 children under their roof and is situated 2 kilometres from The Grandstand. To find out more about Melrose Home, visit [www.childrensaidsociety.sg](http://www.childrensaidsociety.sg)

Our monthly WALK Project presents disadvantaged children from Melrose with a day of fun and enrichment at The Grandstand to provide them with a dollop of happiness in their lives by sponsoring enrichment classes, kids’ sports and fitness activities as well as a delectable range of cuisine. Arts and crafts, music, dance and taekwondo make up our holistic programme to

facilitate the on-going development and happiness of these children in our community.

We hope to play a crucial role in supporting the development and happiness of these disadvantaged children in our community with the WALK Project and provide them with a head-start to shine in their endeavours.

### **Gift From Our Hearts: Donation Drive and Door-To-Door Distribution**

We have coupled our social responsibility efforts with the Singapore Lion Befriender to distribute items, donated by our employees, to the elderly in need. This collaboration of Singapore Lion Befriender is the cornerstone of our community efforts. During our months-long event,

we received large amounts of household necessities in donation from the Cogent family for our various beneficiaries. By helping the senior residents, we hope to raise the spirit of volunteerism among our employees and to foster compassion towards caring for the elderly.

On 13 July 2013, we conducted a door-to-door donation programme. Our employees distributed daily necessities, along with “Ang Bao” donations, to 24 low-income households within the vicinity of Tanglin Halt and Commonwealth.

On 19 July 2014, our employees spent a fun-filled afternoon of activities planned by the Staff Welfare Committee for the senior residents of Ghim Moh.

### **\$S100,000 To Help Disadvantaged Kids**

In celebration of the 5th anniversary of the company’s listing and Singapore’s 50th birthday, Cogent contributed \$S100,000 to The Straits Times School Pocket Money Fund and The Business Times Budding Artists Fund, with each charity receiving \$S50,000.

The School Pocket Money Fund supports children from lower-income families, and the Budding Artists Fund offers arts training for less privileged children and youths. We believe that a community advances as a whole, and helping the disadvantaged youth of today will lead to all of us thriving in the future.



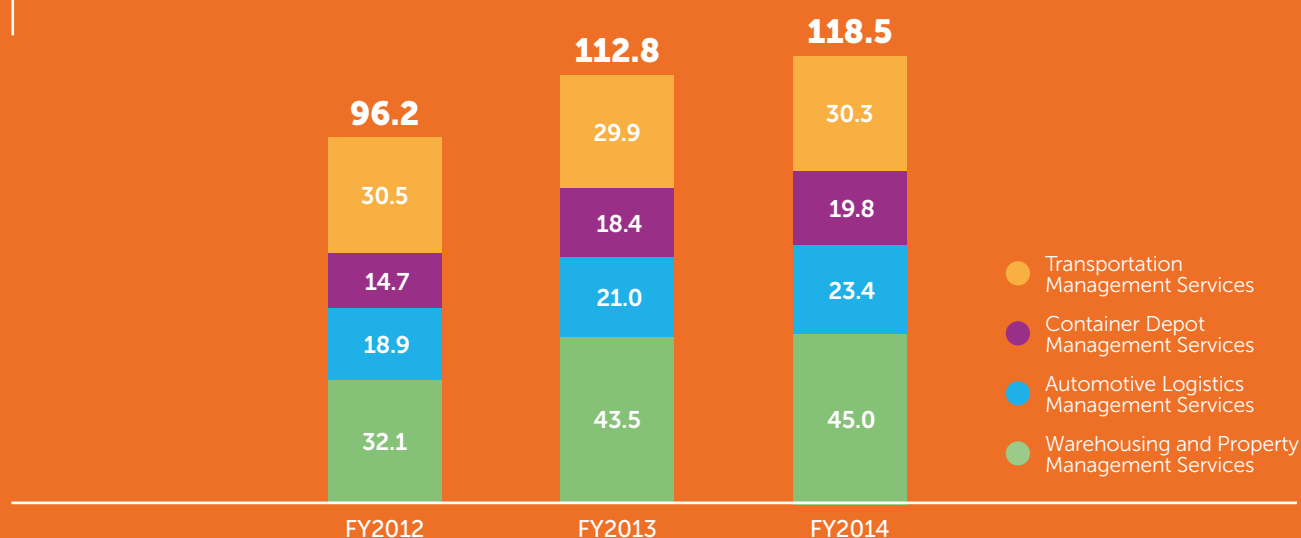
# Operating & Financial Review

**63%**  
jump in net profit to  
**S\$24.7m**

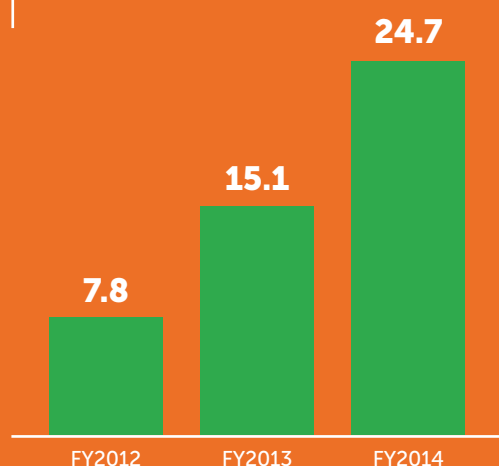
In view of our spectacular performance in FY2014, the Directors are pleased to propose a total dividend of

**3.76** Singapore cents per ordinary share

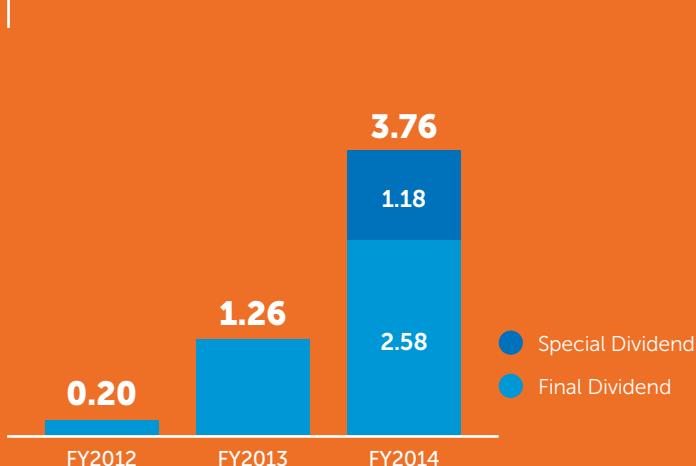
## REVENUE (S\$'M)



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



## DIVIDEND PER SHARE (SINGAPORE CENT)



# Operating & Financial Review

## RESULTS OF GROUP OPERATIONS

	FY2014 S\$'000	FY2013 S\$'000	Change %
<b>Revenue</b>			
• Transportation management services	30,887	30,515	1%
• Container depot management services	19,836	18,430	8%
• Automotive logistics management services	23,430	20,989	12%
• Warehousing and property management services	46,307	44,497	4%
• Inter-segment eliminations	(1,991)	(1,592)	25%
	<b>118,469</b>	<b>112,839</b>	<b>5%</b>
Other operating income	8,309	1,130	635%
Operating expenses			
• Employee benefits expense	(23,776)	(21,579)	10%
• Depreciation expense	(7,769)	(6,501)	20%
• Rentals on leased premises	(30,641)	(31,490)	-3%
• Amortisation of deferred income arising from sale and leaseback	1,000	1,000	-
• Contract services	(10,123)	(9,396)	8%
• Fuel and utilities	(8,897)	(9,200)	-3%
• Storage and handling charges	(4,612)	(6,177)	-25%
• Repair and maintenance	(4,293)	(4,704)	-9%
• Hire of vehicles and equipment	(1,002)	(1,358)	-26%
• Others	(6,964)	(6,180)	13%
	(97,077)	(95,585)	2%
Finance costs	(988)	(131)	654%
Share of loss of joint ventures	(69)	(216)	-68%
<b>Profit before tax</b>	<b>28,644</b>	<b>18,037</b>	<b>59%</b>
Income tax expense	(3,986)	(2,908)	37%
<b>Profit for the year, net of tax</b>	<b>24,658</b>	<b>15,129</b>	<b>63%</b>

### Profit for the year

For FY2014, the Group reported full-year net profit attributable to shareholders of \$24.7 million, representing an increase of \$9.5 million, or 63%, over that recorded for FY2013. The surge in earnings came on the back of a 5% increase in Group revenue to \$118.5 million coupled with a \$6.9 million one-time gain (net of tax) from the disposal of property, plant and equipment. Excluding the \$6.9 million exceptional gain (FY2013: \$0.1 million), net profit for FY2014 would have been \$17.8 million, which represents an increase of \$2.8 million, or 18%, over that recorded for FY2013. The improvement was largely driven by stronger core operating performance, including better cost management, across most of the Group's businesses.



## Revenue

The Group reported revenue of \$118.5 million for FY2014, an increase of \$5.6 million, or 5%, over \$112.8 million recorded in FY2013. The increase in revenue was driven by increase in contribution from all business segments within the Group. The largest increase came from the Group's Automotive Logistics Management Services segment which generated revenue of \$23.4 million for FY2014, an increase of \$2.4 million, or 12% over the \$21.0 million recorded in FY2013. In FY2014, Automotive Logistics Management Services benefited from increased demand for vehicle storage services and handled larger volume of vehicle transportation. On the Container Depot Management Services front, revenue for FY2014 increased by \$1.4 million, or 8%, from \$18.4 million to \$19.8 million, largely as a result of service rate hike. The Warehousing and Property Management Services segment registered an increase in revenue of \$1.8 million, or 4%, from \$44.5 million to \$46.3 million. The improvement was largely led by maiden income from certain warehousing units of the newly constructed integrated logistics hub at 1 Buroh Crescent. The Transportation Management Services segment generated revenue of \$30.9 million for FY2014 which was closely comparable to the \$30.5 million generated in FY2013.

## Other operating income

Other operating income increased by \$7.2 million, or 635%, from \$1.1 million to \$8.3 million. The increase was largely attributable to gain from disposal of property at 1 Chia Ping Road amounting to \$5.9 million and increased gain from disposal of business equipment.

## Operating expenses

Total operating expenses was closely comparable between FY2014 and FY2013, with \$97.1 million incurred in FY2014, representing a marginal increase of \$1.5 million, or 2%, over that of FY2013.

Employee benefits expense increased by \$2.2 million, or 10%, from \$21.6 million to \$23.8 million. The increase was largely due to increase in drivers' trip incentives (in line with the increase in transportation revenue), increase in headcount and salary increment.

Depreciation expense increased by \$1.3 million, or 20%, from \$6.5 million to \$7.8 million. The increase was largely due to the commencement of depreciation of the integrated logistics hub at 1 Buroh Crescent as the building obtained partial temporary occupancy permit progressively during FY2014.



Contract services increased by \$0.7 million, or 8%, in line with the increase in revenue.

Storage and handling charges decreased by \$1.6 million, or 25%, mainly due to decrease in cargo handling requirement.

Repair and maintenance decreased by \$0.4 million, or 9%, mainly due to improved management of equipment maintenance and building maintenance costs.

Hire of vehicles and equipment decreased by \$0.4 million, or 26%, largely due to lower volume of transportation jobs requiring the use of specialised vehicles and equipment.

## Finance costs

Finance costs increased by \$0.9 million, or 654%, from \$0.1 million to \$1.0 million, due to expensing off of borrowing costs on the completion of initial phase of the integrated logistics hub construction.



## FINANCIAL POSITION

	31/12/2014 S\$'000	31/12/2013 S\$'000	Change %
Current assets	73,449	67,334	9%
Non-current assets	189,815	125,814	51%
<b>Total assets</b>	<b>263,264</b>	<b>193,148</b>	<b>36%</b>
Current liabilities	51,637	57,539	-10%
Non-current liabilities	115,062	57,668	100%
<b>Total liabilities</b>	<b>166,699</b>	<b>115,207</b>	<b>45%</b>

Current assets increased by \$6.1 million, or 9%, from \$67.3 million as at 31 December 2013 to \$73.4 million as at 31 December 2014. The increase was largely due to an increase of \$6.2 million in the cash and bank balances.

Non-current assets increased by \$64.0 million, or 51%, from \$125.8 million as at 31 December 2013 to \$189.8 million as at 31 December 2014. The increase resulted mainly from an increase of \$63.6 million in property, plant and equipment, relating largely to the cost of constructing the integrated logistics hub, offset by depreciation charges.

Current liabilities decreased by \$5.9 million, or 10%, from \$57.5 million as at 31 December 2013 to \$51.6 million as at 31 December 2014. The decrease was mainly due to the following:

- i) decrease of \$12.3 million in other payables (current portion) as payments were made to settle amount due in respect of construction costs;
  - ii) decrease of \$1.6 million in trade payables;
- offset by:
- i) increase of \$5.4 million in bank loans (current portion); and
  - ii) increase of \$1.8 million in finance leases (current portion).

Non-current liabilities increased by \$57.4 million, or 100%, from \$57.7 million as at 31 December 2013 to \$115.1 million as at 31 December 2014. The increase was mainly due to the following:

- i) increase of \$57.6 million in bank loans (non-current portion) as loan was further drawn down to finance the integrated logistics hub construction; and
  - ii) increase of \$4.6 million in finance leases (non-current portion) to finance the purchase of business equipment and vehicles;
- offset by decrease of \$1.0 million in deferred income due to amortisation of deferred income arising from sale and leaseback of property.

## CASH FLOWS

	2014 S\$'000	2013 S\$'000	Change %
Net cash generated from operating activities	20,787	45,789	-55%
Net cash used in investing activities	(2,269)	(30,238)	-92%
Net cash used in financing activities	(11,969)	(1,675)	615%
<b>Net increase in cash and cash equivalents</b>	<b>6,549</b>	<b>13,876</b>	<b>-53%</b>
<b>Cash and cash equivalents at end of year</b>	<b>52,650</b>	<b>46,101</b>	<b>14%</b>

During FY2014, the Group's cash and cash equivalents increased by \$6.6 million from \$46.1 million as at 31 December 2013 to \$52.7 million as at 31 December 2014.

Net cash generated from operating activities was \$20.8 million in FY2014 as compared with \$45.8 million in FY2013. The decrease was mainly due to changes in working capital.

Net cash used in investing activities was \$2.3 million in FY2014 as compared with \$30.2 million in FY2013. The decrease was primarily due to lower cash payment made for the construction of integrated logistics hub in FY2014 and one-time proceeds of \$9.2 million received from disposal of property at 1 Chia Ping Road.

Net cash used in financing activities was \$12.0 million in FY2014 as compared with net cash used of \$1.7 million in FY2013. The increase was mainly due to increase in payment of dividend and interest; increase in repayment of bank loans and finance leases; and less pledged deposits unpledged in FY2014.

## INDEBTEDNESS

	31/12/2014 S\$'000	31/12/2013 S\$'000	Change %
Amount repayable in one year or less, or on demand	10,799	3,653	196%
Amount repayable after one year	112,500	50,235	124%

Total bank borrowings are secured by the following:

- A first mortgage over certain properties of a subsidiary;
- Fixed and floating charge over all assets of a subsidiary;
- An assignment of the rights, interests and benefits arising under the construction contract and performance bonds relating to the construction of a property ("Property");
- An assignment of the rights, interests and benefits arising under the insurance policies relating to the construction of the Property; and
- Corporate guarantee







**Corporate  
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# CORPORATE GOVERNANCE REPORT

The Board of Directors and Management of Cogent Holdings Limited (the "Company") are committed to continually enhancing shareholder value by maintaining high standards of corporate governance, business integrity and professionalism in all its activities.

This report describes the Company's corporate governance framework and practices that were in place throughout the financial year, which are substantially in line with the principles of the Code of Corporate Governance 2012 (the "Code"). Where there are deviations from the Code, appropriate explanations are provided.

## BOARD MATTERS

### Principle 1: Board's Conduct of its Affairs

The Board oversees the affairs of the Company and is accountable to the shareholders for the management of the Group's business and its performance. The Board works with Management to achieve this and the Management remains accountable to the Board.

The principal duties of the Board include the following:

- setting and approving broad policies and strategies of the Group;
- reviewing management performance;
- reviewing the financial performance of the Group including approval of its half yearly and full year financial results announcements, annual audited financial statements, proposals of dividends and the directors' report thereto;
- reviewing the adequacy and effectiveness of the Group's risk management and internal controls system; and
- approval of budget, major funding proposals, acquisition and divestment proposals.

To assist the Board to effectively discharge its oversight duties and functions, the Board has delegated certain duties to various Board committees. These committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), function within clearly defined terms of reference and operating procedures, which are reviewed by the Board on a regular basis. The Board also closely monitors the effectiveness of each committee.

The Company has also adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved to the Board for approval are as follows:

- financial authorisation and setting of approval limits for operating and capital expenditure;
- major changes to the Group's management and control structure;
- decision on cessation of operation of all or any material part of the Group's business;
- material acquisitions and disposal of assets or investments;
- major funding proposals;
- financial reporting and dividends; and
- any other matters which require board or shareholders approval pursuant to the SGX-ST Listing Manual, Companies Act, Cap. 50 or other applicable rules and regulations.

The Board is scheduled to meet at least four times a year and where necessary, hold additional meetings to address significant issues that may arise. The Company's Articles of Association provides for meetings to be held via telephone conference. Important matters concerning the Group are also being put to the Board for its decision by way of written resolutions.



# CORPORATE GOVERNANCE REPORT

The attendance of the directors at Board and Board committees meetings held during FY2014 are set out below:

Type of Meetings	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total number of meetings held	4	4	1	1
<b>Name of Director and Attendance</b>				
Tan Yeow Khoon, Executive Chairman & Director <sup>(1)</sup>	4	N.A	N.A	N.A
Edwin Tan Yeow Lam, Managing Director	4	N.A	N.A	N.A
Tan Min Cheow, Benson, Executive Director & Chief Executive Officer ("CEO") <sup>(2)</sup>	4	N.A	N.A	N.A
Chan Soo Sen, Lead Independent Director	3	3	1	1
Chua Cheow Khoon, Michael, Independent Director	4	4	1	1
Teo Lip Hua, Benedict, Independent Director	2	2	0	1

N.A: Not Applicable

Notes:

<sup>(1)</sup> Relinquished his CEO roles effective from 1 January 2015.

<sup>(2)</sup> Appointed as CEO of the Company effective from 1 January 2015.

New directors will be briefed on the business activities, strategic directions, policies and corporate governance practices of the Group. Directors are provided with updates and briefings from time to time by professional advisers, auditor and management on relevant practices, new laws, rules and regulations, directors' duties and responsibilities, corporate governance, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as directors.

Directors are also informed and encouraged to attend relevant training programmes organised by the Singapore Institute of Directors and may suggest training topics, the funding of which will be provided by the Company.

## Principle 2: Board Composition and Balance

The Board comprises six directors, three of whom are Independent Directors.

The NC reviews the independence of each director annually based on the definitions and guidelines set out in the Code. All directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. A retiring director shall be eligible for re-election. The directors to retire in each year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment. Key information regarding the directors, including directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are set out in pages 14 to 15 of this Annual Report.

There is a good balance between the executive and non-executive directors and a strong element of independence in the Board to enable an objective judgement of the corporate affairs of the Group by Board members.

As a group, the directors bring with them a broad range of industry knowledge, expertise and experience in areas such as legal, financial and accounting and general management. The diversity of the directors' experience will allow for constructive exchange of ideas and view as well as provide for effective decision-making. The Board has assessed and considers the present size appropriate for the current nature and scope of the Group's business operations.

The Board reviews and constructively challenges management on its assumptions and proposals; and oversees the development of the Group's strategic proposals. The Board also oversees the performance and effectiveness of management in achieving set objectives.

Meeting sessions for the independent directors without the presence of management or executive directors are held, where necessary. The independent directors meet at least once annually without the presence of management.

None of the directors have served on the Board of the Company for a period exceeding nine years.



# CORPORATE GOVERNANCE REPORT

## Principle 3: Chairman and Chief Executive Officer

The offices of the Chairman and CEO have been separated. Mr Tan Min Cheow, Benson was appointed as CEO of the Company to succeed Mr Tan Yeow Khoon on 1 January 2015. Mr Tan Yeow Khoon remains as Executive Chairman of the Company.

There is a clear separation of the roles and responsibilities of the Executive Chairman and the CEO. The CEO is responsible for the overall operation of the Group's businesses. He ensures that the Board is kept updated and informed of the Group's business operations.

The Executive Chairman is responsible for leading the Board and ensuring that the Board is effective on all aspects of its roles. He approves board meeting schedules and agendas for board meetings in consultation with the directors. The Board is advised of the meeting of Board Committees. He also promotes a culture of openness and debate at the Board, and ensures that the independent directors are able to contribute effectively. In addition, he ensures all directors receive complete, adequate and timely information from time to time.

Although the Executive Chairman and the CEO are immediate family members, the Board is of the view that there are sufficient safeguards and checks in place to ensure that management is accountable to the Board as a whole. The NC, RC and AC comprise, and are all chaired by, independent directors. In addition, Mr Chan Soo Sen has been appointed as the lead independent director of the Company and is available to the shareholders in respect of concerns which contact through the normal channel of the Chairman has failed to resolve or for which such contact is inappropriate.

## Principle 4: Board Membership

The NC comprises three independent directors:

Chan Soo Sen	(Chairman)
Chua Cheow Khoon, Michael	(Member)
Teo Lip Hua, Benedict	(Member)

The principal duties of the NC, as set out in its terms of reference include the following:

- (a) review and assess all candidates for directorships before making recommendation to the Board for appointment of directors;
- (b) review and recommend to the Board the retirement and re-election of directors in accordance with the Company's Articles of Association at each Annual General Meeting ("AGM");
- (c) review the independence of directors annually;
- (d) review the size and composition of the Board annually to ensure that the Board has appropriate balance of independent directors and to ensure an appropriate balance of expertise, skills, attributes and ability among the directors;
- (e) evaluate the performance and effectiveness of the Board as a whole;
- (f) review of board succession plans, in particular, Chairman of the Board and CEO; and
- (g) reviewing and approving any new employment of related persons and the proposed terms of their employment.

The directors submit themselves for re-nomination and re-election at regular interval. Under the Articles of Association of the Company, at each AGM, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Retiring directors are selected on the basis of those who have been longest in office since their last re-election or appointment.

The NC has reviewed and recommended for the re-election of Mr Tan Yeow Khoon, Executive Chairman and Director, and Mr Teo Lip Hua, Benedict, Independent Director of the Company who will be retiring pursuant to Article 94 at the forthcoming AGM. The Board has accepted the NC's recommendation and the two retiring directors have offered themselves for re-election.



# CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of each director are set out as follows:

Name of director	Appointment	Date of initial appointment	Date of last re-election
Tan Yeow Khoon	Executive Chairman & Director	18 June 2007	29 April 2013
Edwin Tan Yeow Lam	Managing Director	18 June 2007	29 April 2014
Tan Min Cheow, Benson	Executive Director & CEO	1 March 2013	29 April 2013
Chan Soo Sen	Lead Independent Director	18 December 2009	29 April 2013
Chua Cheow Khoon, Michael	Independent Director	18 December 2009	29 April 2014
Teo Lip Hua, Benedict	Independent Director	18 December 2009	27 April 2012

The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many factors such as whether they were in full time employment and their other responsibilities. The NC will assess each director based on his abilities, known commitments and responsibilities.

There are no alternate directors appointed to the Board.

On the process for selection, appointment and re-appointment of directors to the Board, the NC evaluates the balance of skills, knowledge and experience of the Board, and then makes recommendations to the Board for approval. For appointment of new director, the NC will meet with the shortlisted candidate to assess their suitability and availability before making recommendation to the Board for approval.

## Principle 5: Board Performance

The Board has established evaluation procedures carried out by the NC, for assessing the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board on an annual basis.

The Board has implemented a process which is carried out by the NC for assessing the effectiveness of the Board as a whole taking into account, the contribution and devotion of time and attention of each individual director towards the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director. The NC is satisfied that the directors have devoted sufficient time and attention to the Group.

The NC assesses the performance of the Board via a performance evaluation questionnaire on board composition; board information; board process, internal control and risk management; board accountability, CEO performance and standard of conduct of the Board of which will be completed by each director. The NC reviews and discusses the findings and will ascertain key areas for improvement and requisite follow-up actions. The NC will then report its findings to the Board.

In its assessment of the Board effectiveness, the NC also takes into consideration the frequency of the Board meetings, the rate at which issues raised are adequately dealt with and the reports from the various Board Committees.

The Board is satisfied that all directors have discharged their duties adequately for FY2014 and expects that the directors will continue to discharge their duties adequately in FY2015.

## Principle 6: Access to Information

The Board members are being provided with adequate and timely information prior to Board meetings and on an on-going basis. All relevant information including the Group's forecast, annual budgets and financial statements are circulated to the directors for review prior to the Board meetings.

The Board has separate and independent access to the Group's senior management and the Company Secretary. Requests for information from the Board are dealt with promptly. The Board is informed of all material events and transactions as and when they occur. Senior management is requested to attend Board meetings to provide additional insight on matters being discussed and to respond to any queries from directors as and when necessary.

The Company Secretary attends and prepares all minutes of the Board and Board Committees meetings and assists the Chairman in ensuring that board procedures are observed and all applicable rules and regulations are complied with.



# CORPORATE GOVERNANCE REPORT

The appointment and removal of the Company Secretary is subject to approval of the Board as a whole.

The Board may also take independent professional advice as and when necessary to enable them to make informed decisions to discharge its responsibilities effectively at the expense of the Company.

## REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

### Principle 8: Level and Mix of Remuneration

The RC comprises three Independent Directors:

Teo Lip Hua, Benedict	(Chairman)
Chan Soo Sen	(Member)
Chua Cheow Khoon, Michael	(Member)

The principal duties of the RC, as set out in its terms of reference include the following:

- (a) review and submit its recommendations for endorsement by the Board, a general framework of remuneration for the directors and senior management;
- (b) determine the specific remuneration packages and terms of employment for each executive director and key management personnel; and
- (c) review the remuneration of senior management and employees related to the directors.

The RC has put in place a framework of remuneration for the directors and senior management. The Company adopts a remuneration policy for employees which comprises of a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

The remuneration policy for key executives is based largely on the Group's performance and the responsibilities and performance of each individual key executive. In setting the remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and local practices.

The Company has engaged an independent remuneration consultant, Hay Group to assist the RC in reviewing and determining the remuneration packages for the Executive Chairman; the Managing Director; and the Executive Director & CEO of the Company. There is no relationship between the Company and Hay Group which would affect Hay Group's independence and objectivity.

Following the abovementioned review, the Company has entered into separate service agreements with the existing Executive Directors, namely Mr Tan Yeow Khoon, Executive Chairman; Mr Edwin Tan Yeow Lam, Managing Director; and Mr Tan Min Cheow, Benson, Executive Director & CEO. The service agreements are for an initial period of three years commencing from 1 January 2015, and shall be automatically renewed annually on the same terms and conditions upon expiry thereof.

Independent directors have no service agreements and they receive directors' fees. Such fees take into account the level of contribution and responsibilities of the directors as well as the need to pay competitive fees to attract, retain and motivate the directors. These fees are subject to shareholders' approval at the AGM.

Currently, the Company has in place the following share option scheme and performance share plan:

- (i) Cogent Holdings Employee Share Option Scheme; and
- (ii) Cogent Holdings Performance Share Plan.

The abovementioned share option scheme and performance share plan shall be administered by the Administration Committee comprising of members of the RC and the NC.

As at present date, the Company has not implemented the Cogent Holdings Performance Share Plan or the Cogent Holdings Employee Share Option Scheme.



# CORPORATE GOVERNANCE REPORT

## Principle 9: Disclosure of Remuneration

Information on the remuneration of directors of the Company for FY2014 is as follows:

<b>FY2014 Remuneration Band &amp; Name of Directors</b>	<b>Salary %</b>	<b>Bonus %</b>	<b>Fees %</b>	<b>Other Benefits %</b>	<b>Total %</b>
<b>S\$1,250,000 to below S\$1,500,000</b>					
Tan Yeow Khoon	27	65	-	8	100
<b>S\$750,000 to below S\$1,000,000</b>					
Tan Min Cheow, Benson	32	59	-	9	100
Edwin Tan Yeow Lam	31	59	-	10	100
<b>Below S\$250,000</b>					
Chua Cheow Khoon, Michael	-	-	100	-	-
Chan Soo Sen	-	-	100	-	-
Teo Lip Hua, Benedict	-	-	100	-	-

Taking note of the competitive pressures in the industry and the talent market, the Board has on review decided to disclose the remuneration of the Board, three of whom are also key management personnel, in bands with a breakdown of the components in percentage.

Information on the remuneration of key management personnel of the Company for FY2014 is as follows:

<b>FY2014 Remuneration Band &amp; Name of Key Executives</b>	<b>Salary %</b>	<b>Bonus %</b>	<b>Fees %</b>	<b>Other Benefits %</b>	<b>Total %</b>
<b>S\$250,000 to below S\$500,000</b>					
Alvin Tan Kok Sian	58	24	-	18	100
Yap Chee Sing	63	21	-	16	100
<b>Below S\$250,000</b>					
Loy Suan Choo	64	21	-	15	100
Jermaine Low	63	21	-	16	100

Apart from the Executive Chairman, Managing Director and the Executive Director and CEO, the Group has only 4 other key management personnel. Key information on the key management personnel is set out on page 16 of this Annual Report.

For the financial year 2014, there were no termination, retirement and post-employment benefits granted to directors, the CEO and key management personnel other than the payment in lieu of notice in the event of termination in their respective employment contracts, where applicable.

Save as disclosed above and in the 'Board of Directors' section of the Annual Report 2014, there are no employees within the Group who are immediate family members (as defined in the Listing Manual of the SGX-ST) of a director or CEO of the Company, whose remuneration exceeds S\$50,000 during the financial year ended 31 December 2014.

## ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

The Board is responsible for providing a balanced and understandable assessment of the Company and Group's performance, position and prospects, including the half-year and full-year financial results announcements, as well as any other price-sensitive information through public announcements.

To enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects, the management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time.



# CORPORATE GOVERNANCE REPORT

## Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. The Board approves the key management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk-focused culture throughout the Group for effective risk governance.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework.

The AC assists the Board in its oversight of risk management.

### Management's Responsibilities in Risk Management

Management is responsible for designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risk management and internal controls.

The management reports to the AC on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas:

- Assessment of the Group's key risks by major business units and risk categories;
- Identification of specific risk owners who are responsible for the risks identified;
- Description of the processes and systems in place to identify and assess risks to the Group;
- Status and changes in plan undertaken to manage key risks; and
- Description of the risk monitoring and escalation processes and also systems in place.

### Review of the Group's Risk Management and Internal Control Systems

On a quarterly basis, the management updates to the AC on changes to the risk profiles, if any. On an annual basis, management presents a detailed report to the AC and the Board on the Group's risk profile, the risk mitigation action plans and the results of various assurance activities carried out on the adequacy of Group's internal controls including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by the management, internal audits, external audits and external certifications conducted by various external professional service firms.

The Board has obtained a written confirmation from the CEO and Chief Financial Officer:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) the Company's risk management and internal control systems are adequate and effective.

### Board Opinion on the Adequacy of Internal Controls Addressing Financial, Operational, Compliance and Information Technology Risks

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, external certification centers and reviews performed by management, various Board Committees and the Board, the Board (with concurrence of the AC) are of the opinion that the Group's risk management system and internal control system including financial, operational, compliance and information technology controls, were adequate and effective as at 31 December 2014.

The system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.





# CORPORATE GOVERNANCE REPORT

## Principle 12: Audit Committee

The AC comprises the following three independent directors who have relevant accounting and related financial management expertise and experience to discharge its AC functions:

Chua Cheow Khoon, Michael	(Chairman)
Chan Soo Sen	(Member)
Teo Lip Hua, Benedict	(Member)

The AC meets periodically and performs the following main duties, as set out in its terms of reference:

- (a) review with the external auditor the audit plan, scope of work, their management letter and management's responses, and the results of audits conducted by the internal and external auditors;
- (b) review the half-year and annual financial statements and results announcements before submission to the Board for approval, with emphasis on the significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Manual and any other statutory/regulatory requirements;
- (c) review the adequacy and effectiveness of the risk management and internal controls system, and ensure co-ordination between the internal auditor, the external auditor and management, reviewing the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matter which the auditors may wish to discuss (in the absence of management where necessary);
- (d) review the adequacy and effectiveness of internal audit function and approves the appointment and removal of internal auditor;
- (e) consider the appointment or re-appointment of the external auditor, and matters relating to resignation or dismissal of the auditor;
- (f) review and approve transactions falling within the scope of Chapter 9 of the Listing Manual; and
- (g) undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The AC is scheduled to meet at least four times a year and holds additional meetings, when necessary. Apart from the duties listed above, the AC shall 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 Singapore law, rule or regulation which has, or is likely to have, a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from reviewing any particular transaction or voting on such resolution in respect of which he is or may be interested in. The AC meets with the internal and external auditors at least once annually without the presence of management.

The independent directors do not have any existing business or professional relationship of a material nature with the Group, the directors or substantial shareholders.

The primary responsibility of the AC is to provide support and assistance to the Board in ensuring that a high standard of corporate governance is maintained at all times. The AC has full access to all senior management personnel and has full discretion to invite any director and/or key management personnel to attend its meetings.

The AC has put in place procedures to provide employees of the Group with well-defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to the Group, and for the independent investigation of any reports by employees and appropriate follow up action. A whistle blowing policy has been adopted by the Company to provide a trusted avenue for employees and any person who has dealings with the Group to report possible improprieties within the Group and to provide reassurance that they will be protected from retaliatory actions for whistle blowing in good faith. Details of the policy have been communicated to all employees and are made available on the Company's website for relevant parties who may raise concerns, if any to any member of the AC. To-date, there were no complaints received by the AC.

The AC has conducted an annual review of the non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. Details of the audit and non-audit fees can be found on page 75.

The Company and its subsidiaries are audited by Deloitte & Touche LLP except for subsidiaries in Malaysia which are not significant. In this regards, the Company is in compliance with Rule 712 and 715 of the Listing Rules of the SGX-ST in relation to the appointment of auditors.



# CORPORATE GOVERNANCE REPORT

During the financial year, the AC reviewed the half-year, full-year results announcements and the annual financial statements; the internal and external audit plan and results of the audits; risk management and internal controls system; interested person transactions; non-audit services provided by the external auditor and their independence; and the report on the administration of the Whistle Blowing Programme of the Group. The internal and external auditors provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

## **Principle 13: Internal Audit**

The Company outsources its internal audit function to Yang Lee & Associates. The internal auditor ("IA") report directly to the AC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the AC periodically.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that management provides the necessary co-operation to enable the IA to perform its function.

The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The AC annually reviews the adequacy of the internal audit function to ensure that the internal audits are performed effectively. The AC is satisfied that the IA is staffed by qualified and experienced personnel.

The IA completed one review during the financial year ended 31 December 2014 in accordance with the internal control testing plan approved by the Board under the Group Risk Management Framework. The findings and recommendations of the IA, management's responses, and management's implementation of the recommendations have been reviewed and approved by the AC.

## **SHAREHOLDER RIGHTS AND RESPONSIBILITIES**

### **Principle 14: Shareholder Rights**

### **Principle 15: Communication with Shareholders**

### **Principle 16: Conduct of Shareholder Meetings**

The Company's corporate governance practices promote fair and equitable treatment to all of its shareholders. The Board strives to ensure that all material information is disclosed to the shareholders in an adequate and timely manner. The Board informs and communicates with shareholders through annual reports, announcement releases through the SGXNet, advertisement of notice of general meetings and at general meetings of the Company.

The Company strongly encourages and supports shareholders participation at general meetings. At general meetings of the Company, shareholders will be given opportunity to express their views, concerns and ask questions regarding the Company and the Group.

The Company's general meetings are the forum for dialogue with shareholders and allow the Board and management to address shareholders' views and concerns. Chairperson of the AC, NC and RC, or members of the respective Board Committees standing in for them, as well as external auditor will be present and available to field questions raised at general meetings of the Company.

Each item of special business included in the notice of the general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meetings.

To facilitate participation by the shareholders, the Company's Articles of Association allows a shareholder to appoint not more than two proxies to attend and vote at general meetings. However, as the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Shareholders who hold shares through nominees such as CPF and custodian banks may vote through their nominee or custodian banks. Such shareholders may also, upon presentation of official letters issued by their nominees attend the general meeting as observers.



# CORPORATE GOVERNANCE REPORT

Currently, the Company has yet to implement poll voting in all its general meetings in view of the higher costs of doing polling. The Board is of the view that shareholders are better served by having the Company's resources devoted on value-added activities. The Company will implement such method of voting in the future, when appropriate.

The Company Secretary prepares minutes of general meetings and these minutes are available to shareholders upon their request.

The Company does not have a formal investor relations policy. Pertinent information is regularly conveyed to the shareholders through SGXNet and the Company's website at <http://cogentholdingsltd.com/>.

There is no formal dividend policy adopted by the Company as it was not practical for the Company to implement one due to the capital commitment of the Group as a whole. The Company pays dividends out of profits available for distribution and where there is sufficient cash available to fund the payment of any proposed dividend.

## INTERESTED PARTY TRANSACTIONS

The Company monitors all its interested person transactions closely and all interested person transactions are subject to review by the AC.

The aggregate value of interested person transactions entered into during FY2014 which fall under Chapter 9 of the Listing Manual of the SGX-ST are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S\$'000
Construction of integrated logistics hub - SH Design & Build Pte Ltd	(60,594)	N.A.
Income earned from provision of transportation logistics services - SH Design & Build Pte Ltd	230	N.A.
Income from office rental and utility recovery - SH Design & Build Pte Ltd	89	N.A.
- Soon Hock Investment Group Pte Ltd	52	N.A.
- Phoenix Wines Pte Ltd	54	N.A.

## MATERIAL CONTRACTS

Except as disclosed under the section on Interested Person Transactions above and in Note 5 (Related Party And Other Transactions) of the Notes To Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the CEO, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## DEALINGS IN SECURITIES

The Company has adopted an internal code ("Code") to provide guidance with regards to the dealings in the Company's securities by its directors and officers.

The Code provides that directors and officers of the Group are prohibited from dealing in the securities of the Company when they are in possession of any unpublished material price-sensitive information of the Group. The Company and its directors and officers of the Group are also prohibited from dealing in the Company's securities during the period commencing one month before the date of announcement of the Company's half-year or full-year results and ending on the date of announcement of the relevant results.

Directors and employees are also required to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the directors and employees are expected not to deal in the Company's securities for short-term considerations.



# REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the financial year ended December 31, 2014.

## 1. DIRECTORS

The directors of the company in office at the date of this report are:

Tan Yeow Khoon  
Tan Yeow Lam  
Tan Min Cheow, Benson  
Chan Soo Sen  
Chua Cheow Khoon, Michael  
Teo Lip Hua, Benedict

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

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

## 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and company in which interests are held	Shareholdings registered in the names of directors			Shareholdings in which directors are deemed to have an interest		
	At beginning of year	At end of year	At January 21, 2015	At beginning of year	At end of year	At January 21, 2015
<u>The company</u> (Ordinary shares)						
Tan Yeow Khoon	325,756,775	325,756,775	325,756,775	10,463,000	10,463,000	10,463,000
Tan Yeow Lam	65,000,000	65,000,000	65,000,000	-	-	-
Tan Min Cheow, Benson	2,050,000	2,283,000	2,283,000	-	-	-

By virtue of Section 7 of the Singapore Companies Act, Mr Tan Yeow Khoon is deemed to have an interest in all the related corporations of the company.

## 4. DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, 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 for salaries, bonuses, other benefits and certain transactions as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.



# REPORT OF THE DIRECTORS

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## 5. SHARE OPTIONS

### *(a) Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the company or any corporation in the group were granted.

### *(b) Options exercised*

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of options to take up unissued shares.

### *(c) Unissued shares under options*

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under options.

## 6. AUDIT COMMITTEE

The Audit Committee of the company comprises three members who are non-executive and independent directors. The members of the Audit Committee are:

- Chua Cheow Khoon, Michael (Chairman)
- Chan Soo Sen
- Teo Lip Hua, Benedict

The Audit Committee has met at least four times a year and holds additional meetings when necessary. It has performed the functions specified in Section 201B of Singapore Companies Audit Committee, the SGX Listing Manual and the Code of Corporate Governance, including the following:

- reviewed with the external audit on the audit plan, scope of work, their management letter and management's responses, and the results of audits conducted by the internal and external auditors;
- reviewed the half-year and annual financial statements and results announcements before submission to the Board for approval, with emphasis on the significant financial reporting issues and judgements, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Manual and any other statutory/regulatory requirements;
- reviewed the adequacy and effectiveness of the risk management and internal controls system, and ensure co-ordination between the internal auditor, the external auditor and management, reviewing the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matter which the auditors may wish to discuss (in the absence of management where necessary);
- reviewed the adequacy and effectiveness of internal audit function and approves the appointment and removal of internal auditor;
- considered the appointment or re-appointment of the external auditor, and matters relating to resignation or dismissal of the auditor;
- reviewed and approve transactions falling within the scope of Chapter 9 of the Listing Manual; and
- undertook such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The Audit Committee has full access to all senior management personnel and has full discretion to invite any director and/or key management personnel to attend its meetings. It has also been given the resources required for it to discharge its function properly.



# REPORT OF THE DIRECTORS

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The Audit Committee is satisfied with the independence and objectivity of the external auditors, and has recommended to the directors that Deloitte & Touche LLP be nominated for re-appointment as external auditors of the company at the forthcoming annual general meeting of the company.

## 7. AUDITORS

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

ON BEHALF OF THE DIRECTORS

**Tan Yeow Khoon**

**Tan Yeow Lam**

April 2, 2015



# STATEMENT OF DIRECTORS

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In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 40 to 83 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2014, and of the results, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

**Tan Yeow Khoon**

**Tan Yeow Lam**

April 2, 2015



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF COGENT HOLDINGS LIMITED

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### Report on the Financial Statements

We have audited the financial statements of Cogent Holdings Limited (the "company") and its subsidiaries (the "group") which comprise the statements of financial position of the group and the company as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 83.

### 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 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.

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2014 and of the results, changes in equity and cash flows of the group and changes in equity of the company for the 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.

### Deloitte & Touche LLP

Public Accountants and  
Chartered Accountants  
Singapore

April 2, 2015





# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	53,442	47,278	4,859	7,325
Trade receivables	7	16,809	16,277	9,723	6,515
Other receivables	8	3,173	3,755	18,159	7,794
Held-for-trading investments	9	25	24	-	-
Total current assets		73,449	67,334	32,741	21,634
<b>Non-current assets</b>					
Property, plant and equipment	10	187,876	124,252	699	7
Investment in subsidiaries	11	-	-	34,984	34,984
Investment in joint ventures	12	-	201	-	-
Other investment		36	36	-	-
Other receivables	8	1,903	1,325	-	-
Total non-current assets		189,815	125,814	35,683	34,991
<b>Total assets</b>		<b>263,264</b>	<b>193,148</b>	<b>68,424</b>	<b>56,625</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Current portion of bank loans	13	7,601	2,231	-	-
Current portion of deferred income	14	1,022	1,021	-	-
Current portion of finance leases	15	3,198	1,422	-	-
Trade payables	16	5,725	7,288	108	97
Other payables	17	29,770	42,032	3,101	2,709
Provision for reinstatement costs	18	350	300	-	-
Income tax payable		3,971	3,245	-	1
Total current liabilities		51,637	57,539	3,209	2,807
<b>Non-current liabilities</b>					
Bank loans	13	105,907	48,263	-	-
Deferred income	14	1,000	2,003	-	-
Finance leases	15	6,593	1,972	-	-
Other payables	17	-	3,865	-	-
Provision for reinstatement costs	18	700	1,050	-	-
Deferred tax liabilities	19	862	515	-	-
Total non-current liabilities		115,062	57,668	-	-



# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Capital and reserves</b>					
Share capital	20	45,092	45,092	45,092	45,092
Capital reserve		506	506	506	506
Merger deficit		(16,033)	(16,033)	-	-
Foreign currency translation reserve		(5)	-	-	-
Accumulated profits		67,005	48,376	19,617	8,220
Total equity		96,565	77,941	65,215	53,818
<hr/>					
<b>Total liabilities and equity</b>		263,264	193,148	68,424	56,625

See accompanying notes to financial statements.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2014

	Note	2014 \$'000	2013 \$'000 (Restated)
Revenue	21	118,469	112,839
Other operating income	22	8,309	1,130
Operating expenses			
- Employee benefits expense		(23,776)	(21,579)
- Depreciation	10	(7,769)	(6,501)
- Rentals on leased premises		(30,641)	(31,490)
- Amortisation of deferred income arising from sale and leaseback	14	1,000	1,000
- Contract services		(10,123)	(9,396)
- Fuel and utilities		(8,897)	(9,200)
- Storage and handling charges		(4,612)	(6,177)
- Repair and maintenance		(4,293)	(4,704)
- Hire of vehicle and equipment		(1,002)	(1,358)
- Others		(6,964)	(6,180)
		29,701	18,384
Finance costs	23	(988)	(131)
Share of loss of joint ventures	12	(69)	(216)
<b>Profit before tax</b>		28,644	18,037
Income tax expense	24	(3,986)	(2,908)
<b>Profit for the year, net of tax</b>	25	24,658	15,129
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of subsidiaries, representing other comprehensive loss for the year, net of tax		(5)	-
<b>Total comprehensive income for the year attributable to the owners of the company</b>		24,653	15,129
<u>Earnings per share</u>			
Basic and diluted (cents)	26	5.15	3.16

See accompanying notes to financial statements.



# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2014

	Note	Share capital \$'000	Merger deficit \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>Group</b>							
Balance at January 1, 2013		45,092	(16,033)	506	-	34,204	63,769
Profit for the year, representing total comprehensive income for the year		-	-	-	-	15,129	15,129
Dividends, representing total transactions with owners, recognised directly in equity	27	-	-	-	-	(957)	(957)
At December 31, 2013		45,092	(16,033)	506	-	48,376	77,941
Profit for the year		-	-	-	-	24,658	24,658
Other comprehensive loss for the year		-	-	-	(5)	-	(5)
Dividends, representing total transactions with owners, recognised directly in equity	27	-	-	-	-	(6,029)	(6,029)
At December 31, 2014		45,092	(16,033)	506	(5)	67,005	96,565

	Note	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000
<b>Company</b>					
At January 1, 2013		45,092	506	2,079	47,677
Profit for the year, representing total comprehensive income for the year		-	-	7,098	7,098
Dividends, representing total transactions with owners, recognised directly in equity	27	-	-	(957)	(957)
At December 31, 2013		45,092	506	8,220	53,818
Profit for the year, representing total comprehensive income for the year		-	-	17,426	17,426
Dividends, representing total transactions with owners, recognised directly in equity	27	-	-	(6,029)	(6,029)
At December 31, 2014		45,092	506	19,617	65,215

See accompanying notes to financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Profit before tax	28,644	18,037
Adjustments for:		
Depreciation	7,769	6,501
Interest expense	988	131
Interest income	(113)	(52)
Dividend income from held-for-trading investments	(1)	(1)
Allowance for doubtful trade receivables	22	13
Deferred income recognised	(1,043)	(1,000)
Share of loss of joint ventures	69	216
Bargain purchase gain	(29)	-
Gain on disposal of property, plant and equipment	(7,066)	(126)
Fair value gain on held-for-trading investment	(1)	(1)
Operating cash flows before movements in working capital	29,239	23,718
Trade receivables	(386)	164
Other receivables	62	1,038
Trade payables	(1,255)	1,758
Other payables	(3,960)	21,268
Cash generated from operations	23,700	47,946
Income tax paid	(2,913)	(2,157)
Net cash from operating activities	20,787	45,789
<b>Investing activities</b>		
Interest received	94	52
Dividend received from held-for-trading investments	1	1
Net cash inflow from acquisition of subsidiaries (Note 29)	24	-
Purchase of property, plant and equipment (Note A)	(13,051)	(30,624)
Proceeds from disposal of property, plant and equipment	10,663	333
Net cash used in investing activities	(2,269)	(30,238)



# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financing Activities</b>		
Interest paid (Note 23)	(2,277)	(535)
Dividends paid	(6,029)	(957)
Repayment of obligations under finance leases	(2,092)	(1,348)
Repayment of bank loans	(1,956)	(1,008)
Pledged deposits	385	2,173
Net cash used in financing activities	<u>(11,969)</u>	<u>(1,675)</u>
Net increase in cash and cash equivalents	6,549	13,876
Cash and cash equivalents at beginning of year	46,101	32,225
Cash and cash equivalents at end of year (Note B)	<u>52,650</u>	<u>46,101</u>

## **Note A**

During the year ended December 31, 2014, the group made a net additional provision of \$nil (2013: \$265,000) for reinstatement costs, and acquired property, plant and equipment at an aggregate cost of \$73,527,000 (2013: \$81,273,000) of which \$49,590,000 (2013: \$49,050,000) were acquired using proceeds from a term loan and \$8,006,000 (2013: \$1,599,000) were acquired under finance leases. During the year, cash payment of \$13,051,000 (2013: \$30,624,000) were made to purchase property, plant and equipment.

## **Note B**

Cash and cash equivalents comprise:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances	53,442	47,278
Less: Pledged deposits	(792)	(1,177)
Cash and cash equivalents	<u>52,650</u>	<u>46,101</u>

See accompanying notes to financial statements.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 1 GENERAL

The company (Registration No. 200710813D) is incorporated in Singapore with its registered office and principal place of business at 7 Penjuru Close, #05-00, Singapore 608779. The company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the company is that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 11 of the financial statements.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended December 31, 2014 were authorised for issue by the Board of Directors of the company on April 2, 2015.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

**ADOPTION OF NEW AND REVISED STANDARDS** - On January 1, 2014, the group and the company adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/ revised FRS and INT FRS does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/ revised FRS and amendments/ improvements to FRSS that are relevant to the group and the company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Improvements to Financial Reporting Standards

(January 2014, February 2014 and November 2014)

Consequential amendments were also made to various standards as a result of these new/ revised standards.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### FRS 115 Revenue from Contracts with Customers

FRS 115 was issued and established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial year beginning on or after January 1, 2017, with retrospective application required. Management is currently evaluating the potential impact of the application of FRS 115 on the financial statements of the group and of the company in the period of initial adoption.

Other than FRS 115, management has considered and is of the view that the adoption of the above new/revised FRSs and amendments/improvements to FRSs that are issued at the date of authorisation of these financial statements but effective only in 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.

### BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

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

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

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





# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

### Changes in the group's ownership interests in existing subsidiaries

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

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

In the company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**BUSINESS COMBINATIONS** - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

The policy described above is applied to all business combinations that take place on or after January 1, 2010.

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

### Effective interest method

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

### **Financial assets**

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

### Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in "other operating income" line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

### Loans and receivables

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

### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

### Derecognition of financial assets

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

## **Financial liabilities and equity instruments**

### Classification as debt or equity

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



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Equity instruments

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

### Other financial liabilities

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

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

### Derecognition of financial liabilities

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

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

### The group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

### The group as lessee

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

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

SALE AND LEASEBACK TRANSACTIONS - For sale and leaseback transactions which result in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred (recorded as deferred income) and amortised over the period for which the asset is expected to be used.

OTHER INVESTMENT - These comprise investment in club memberships which are stated at cost less any impairment in net recoverable value that has been recognised in profit or loss.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

**PROPERTY, PLANT AND EQUIPMENT** - Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The group have adopted the component approach to depreciation whereby the amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant parts. Each significant part is depreciated separately if those parts have different useful lives.

Construction-in-progress is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land and building	-	57 years or over the period of lease, whichever is lower
Office and warehouse equipment	-	5 to 10 years
Furniture and fittings	-	5 years
Motor vehicles	-	5 or 10 years
Leasehold improvements	-	5 to 57 years or over the period of lease, whichever is lower

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

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

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

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount.

**INTERESTS IN JOINT VENTURES** - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the group's share of losses of a joint venture exceeds the group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 *Financial Instrument* are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former joint venture and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39 *Financial Instrument*. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When the group reduces its ownership interest in a joint venture but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the group, profits and losses resulting from the transactions with the joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

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

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

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

**MERGER DEFICIT** - Merger deficit represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the group and the nominal amount of the share capital issued by the company as consideration for the acquisition on common control during the initial public offering.

**CAPITAL RESERVE** - Capital reserve represents the difference between the reimbursement received from the vendors and the allocated initial public offering expenses. The excess of allocated initial public offering expenses is recognised as deemed capital contribution by the vendors.

**GOVERNMENT GRANTS** - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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

### Management service income

Revenue from rendering of management services includes transportation management services, warehousing and property management services, container depot management services and automotive logistics management services. Such revenue is recognised as and when services are rendered to the customers. Rental income is recognised from the operating leases as described above.

### Interest income

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

### Dividend income

Dividend income is recognised when the shareholders' rights to receive payment have been established.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries and associate, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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





# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

**FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION** - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are presented in Singapore dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such instruments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

**CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS** - Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

### (i) Critical judgements in applying the entity's accounting policies

Apart from those involving estimates discussed below, the management has not made any critical judgement in the process of applying the group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

### (ii) Key sources of estimation uncertainty

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

#### Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated useful lives as set out in Note 2 to the financial statements. Changes in the expected level and future usage can impact the economic useful lives of these assets with consequential impact on the future depreciation charge.

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

#### Impairment of property, plant and equipment

The group assesses annually whether there are any indication of impairment of property, plant and equipment. In instances where there are indications of impairment, the recoverable amounts of property, plant and equipment will be determined based on value-in-use calculations.

These calculations require the use of judgement and estimates. The carrying amounts of the group's property, plant and equipment are disclosed in Note 10 to the financial statements.

#### Allowance for doubtful receivables

Allowance for doubtful receivables is made in the financial statements based on management's best estimate of the carrying amount of receivables that are doubtful of collection after evaluation of collectability and aging analysis of accounts. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables. The carrying amounts of trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

#### Provision for reinstatement costs

The group has made provision for reinstatement costs as it is required to reinstate the leased premises to their original condition upon the expiry of lease. The carrying amount of the provision represents management's best estimate using comparable historical data, quotations obtained and industry practices (Note 18).



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

### (a) Categories of financial instruments

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

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Financial assets</b>				
Loans and receivables (including cash and bank balances)	73,783	67,099	32,704	21,601
Held-for-trading investments	25	24	-	-
	<u>73,808</u>	<u>67,123</u>	<u>32,704</u>	<u>21,601</u>
<b>Financial liabilities</b>				
Payables at amortised cost	<u>158,794</u>	<u>107,073</u>	<u>3,209</u>	<u>2,806</u>

### (b) Financial risk management policies and objectives

The risks associated with the group's financial assets and liabilities are set out below. Management manages and monitors these exposures to ensure appropriate risk management measures are implemented on a timely and effective manner. There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk.

#### (i) Credit risk management

The group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statements of financial position.

At the end of the reporting period, there is no significant concentration of credit risk except for the trade balances due from five (2013: five) major customers amounting to \$6,885,000 (2013: \$5,608,000) representing 41% (2013: 34.5%) of total trade receivables.

Cash and fixed deposits are placed with reputable financial institutions.

Further details on credit risk of trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

#### (ii) Interest rate risk management

The group's exposure to changes in interest rates relates primarily to interest-bearing bank loans as disclosed in Note 13 to the financial statements.

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing bank loans at the end of the reporting period and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's profit for the year ended December 31, 2014 would decrease/increase by \$568,000 (2013: decrease/increase by \$252,000). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

### (iii) Foreign exchange risk management

The group's transactions are largely denominated in Singapore dollars. Foreign currency sensitivity analysis has not been performed as management does not expect any reasonable changes to foreign currency rates to have a significant impact on the results of the group.

### (iv) Liquidity risk management

The group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the group's operations and mitigate the effects of fluctuations in cash flows. Funding is obtained via term loans and finance leases.

#### *Liquidity and interest risk analyses for non-derivative financial liabilities*

The following table details the group's contracted maturities for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

	<b>Weighted average effective interest rate</b> %	<b>On demand within 1 year</b> \$'000	<b>Within 2 to 5 years</b> \$'000	<b>After 5 years</b> \$'000	<b>Adjustment</b> \$'000	<b>Total</b> \$'000
<u>Group</u>						
<u>2014</u>						
Non-interest bearing	-	35,495	-	-	-	35,495
Variable interest rate instruments	2.25	10,151	38,839	84,242	(19,724)	113,508
Fixed interest rate instruments	1.43	3,362	6,907	-	(478)	9,791
		<u>49,008</u>	<u>45,746</u>	<u>84,242</u>	<u>(20,202)</u>	<u>158,794</u>
<u>2013</u>						
Non-interest bearing	-	49,498	3,687	-	-	53,185
Variable interest rate instruments	2.18	2,782	19,109	36,571	(7,968)	50,494
Fixed interest rate instruments	1.62	1,507	2,091	-	(204)	3,394
		<u>53,787</u>	<u>24,887</u>	<u>36,571</u>	<u>(8,172)</u>	<u>107,073</u>

The financial liabilities of the company are interest-free and repayable on demand or within one year from the end of the reporting period.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

The group's and company's non-derivative financial assets are due on demand or within one year and interest-free, except for fixed deposits as disclosed in Note 6 and non-current portion of financial assets included in other receivables as disclosed in Note 8.

The company has provided corporate guarantees to financial institutions in respect of financing facilities extended to its subsidiaries (Note 31). Management has assessed that the fair value of the corporate guarantees provided by the company is not material to the financial statement of the company and therefore is not recognised.

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

### (c) *Capital risk management policies and objectives*

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

The capital structure of the group consisted of debts (which included bank borrowings and finance leases as disclosed in Notes 13 and 15 respectively) and equity attributable to equity holders of the company, comprising issued share capital, reserves and accumulated profits.

As a part of review of the capital structure, management considers the cost of capital and the risks associated with each source of financing. The management of capital structure includes making decisions relating to payment of dividends and the redemption of existing loans and the group's overall strategy has remained unchanged from the previous financial year.

## 5 RELATED PARTY AND OTHER TRANSACTIONS

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

During the year, except as disclosed in the other notes to the financial statements, the group entities entered into the following significant transactions with related parties:

(a) Entities with common directors / Entities in which directors have interests

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Warehousing and related services income	195	178
Transportation service income	230	134
Sale of property, plant and equipment	-	80
Construction of integrated logistics hub	(60,594)	(73,413)
Warehousing and related services expense	-	(232)
Repair and maintenance expense	(41)	-
Purchase of property, plant and equipment	(8)	(7)
Renovation services	-	(42)



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 5 RELATED PARTY AND OTHER TRANSACTIONS (cont'd)

### (b) Joint ventures

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Transportation services income	-	17
Container depot management and related services income	66	454

During the financial year, the group acquired the remaining 50% equity interest of Cogent Container Depot Pte. Ltd. and Cogent Container Depot (M) Sdn. Bhd. These companies have been presented as subsidiaries at the end of the year. (Note 11 and Note 29).

### (c) Compensation of directors and key management personnel

The remuneration of directors and other members of key management are as follows:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term benefits	4,430	4,753
Post-employment benefits	111	88
	<u>4,541</u>	<u>4,841</u>

The amounts outstanding from related parties are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

## 6 CASH AND BANK BALANCES

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fixed deposits	10,438	1,177	-	-
Cash at banks	42,960	46,066	4,858	7,324
Cash on hand	44	35	1	1
Cash and bank balances	53,442	47,278	4,859	7,325
Less: Pledged deposits	(792)	(1,177)	-	-
Cash and cash equivalents	<u>52,650</u>	<u>46,101</u>	<u>4,859</u>	<u>7,325</u>

As at December 31, 2014, the fixed deposits bore an average effective interest of 0.89% (2013: 0.43%) per annum with tenure of approximately one month to one year (2013: one month to one year).



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 7 TRADE RECEIVABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outside parties	16,636	16,264	-	-
Allowance for doubtful receivables	(71)	(110)	-	-
	<u>16,565</u>	<u>16,154</u>	<u>-</u>	<u>-</u>
Subsidiaries (Note 11)	-	-	9,723	6,515
Related parties (Note 5)	244	26	-	-
Amount due from joint venture (Note 12)	-	97	-	-
	<u>16,809</u>	<u>16,277</u>	<u>9,723</u>	<u>6,515</u>

The average credit period of the group is 30 days (2013: 30 days). No interest is charged on outstanding balances.

Trade receivables are provided for based on estimated irrecoverable amounts from the rendering of services, determined by reference to past default experience.

Before accepting any new customer, the group will assess the potential customer's credit quality and define credit limits by customer. Limits attributed to customers are reviewed periodically.

Included in the group's and company's trade receivable balance are debtors with a carrying amount of \$9,555,000 and \$8,977,000 (2013: \$7,950,000 and \$6,002,000) which are past due at the end of the reporting period for which the group and the company have not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the group and the company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful receivables.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 7 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Not past due and not impaired	7,254	8,327	746	513
Past due but not impaired				
Within 3 months	7,945	7,329	1,617	1,411
More than 3 months	1,610	621	7,360	4,591
	9,555	7,950	8,977	6,002
Trade receivables not impaired	16,809	16,277	9,723	6,515
Impaired receivables - collectively assessed <sup>(i)</sup>	71	110	-	-
Less: Allowance for doubtful receivables	(71)	(110)	-	-
	-	-	-	-
Total trade receivables, net	16,809	16,277	9,723	6,515

<sup>(i)</sup> These amounts are stated before any deduction for impairment losses.

The movements in the allowance for doubtful receivables are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at beginning of year	110	457	-	-
Amount written off during the year	(61)	(360)	-	-
Allowance recognised in profit or loss	22	13	-	-
Balance at end of year	71	110	-	-





# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 8 OTHER RECEIVABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outside parties	1,766	1,610	30	-
Subsidiaries (Note 11)	-	-	18,092	7,761
Receivable from disposal of property	477	477	-	-
Staff loans	4	5	-	-
Deposits	1,285	1,452	-	-
Prepayment	1,544	1,536	37	33
	<u>5,076</u>	<u>5,080</u>	<u>18,159</u>	<u>7,794</u>
Current	3,173	3,755	18,159	7,794
Non-current	1,903	1,325	-	-
	<u>5,076</u>	<u>5,080</u>	<u>18,159</u>	<u>7,794</u>

The other receivables due from outside parties have no fixed repayment periods and management is of the view that these receivables are not impaired and are recoverable.

The company's receivables to the subsidiaries are unsecured, interest free and repayable on demand.

The staff loans are unsecured and interest-free.

The non-current other receivables have not been discounted to present value as management is of the opinion that the effect would be insignificant.

## 9 HELD-FOR-TRADING INVESTMENTS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Quoted equity investments, at fair value	<u>25</u>	<u>24</u>	<u>-</u>	<u>-</u>

The fair values of the quoted equity investments are based on closing quoted market prices on the last market day of the year (Level 1).



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building \$'000	Office and warehouse equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Construction in-progress \$'000	Total \$'000
<u>Group</u>							
Cost:							
At January 1, 2013	18,287	4,501	392	26,207	8,910	20,993	79,290
Additions	-	507	42	3,154	1,043	77,196	81,942
Disposals	-	(1,396)	(54)	(1,309)	(40)	(56)	(2,855)
Transfer	-	-	-	-	508	(508)	-
At December 31, 2013	18,287	3,612	380	28,052	10,421	97,625	158,377
Additions	-	804	52	4,948	195	68,822	74,821
Acquired on acquisition of subsidiaries (Note 29)	-	-	44	552	155	-	751
Exchange differences	-	-	(1)	(15)	(4)	-	(20)
Disposals	(5,341)	(383)	(6)	(3,900)	(454)	-	(10,084)
Transfer	116,568	1,224	-	-	3,470	(121,262)	-
At December 31, 2014	129,514	5,257	469	29,637	13,783	45,185	223,845
Accumulated depreciation:							
At January 1, 2013	7,733	3,446	242	17,437	1,414	-	30,272
Depreciation for the year	1,945	385	52	2,137	1,982	-	6,501
Disposals	-	(1,394)	(53)	(1,166)	(35)	-	(2,648)
At December 31, 2013	9,678	2,437	241	18,408	3,361	-	34,125
Depreciation for the year	2,640	470	44	2,414	2,201	-	7,769
Acquired on acquisition of subsidiaries (Note 29)	-	-	27	397	155	-	579
Exchange differences	-	-	(1)	(12)	(4)	-	(17)
Disposals	(2,087)	(379)	(2)	(3,593)	(426)	-	(6,487)
At December 31, 2014	10,231	2,528	309	17,614	5,287	-	35,969
Carrying amount:							
At December 31, 2014	119,283	2,729	160	12,023	8,496	45,185	187,876
At December 31, 2013	8,609	1,175	139	9,644	7,060	97,625	124,252

During the financial year, borrowing costs of \$1,289,000 (2013: \$404,000) which are entirely related to the cumulative bank loan drawn down amounting to \$114,019,000 (2013: \$49,050,000) have been capitalised into construction-in-progress (Note 23).



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

As at December 31, 2014, property, plant and equipment of the group with carrying amount of \$171,072,000 (2013: \$119,201,000) are pledged as security for bank facilities disclosed in Note 13 to the financial statements. As at December 31, 2014, property, plant and equipment with carrying amount of \$15,642,000 (2013: \$5,051,000) are under finance lease arrangements disclosed in Note 15 to the financial statements.

### Company

	<b>Office Equipment \$'000</b>	<b>Motor Vehicles \$'000</b>	<b>Total \$'000</b>
Cost:			
At January 1, 2013 and December 31, 2013	13	-	13
Additions	1	695	696
At December 31, 2014	<u>14</u>	<u>695</u>	<u>709</u>
Accumulated depreciation:			
At January 1, 2013	5	-	5
Depreciation for the year	1	-	1
At December 31, 2013	6	-	6
Depreciation for the year	4	-	4
At December 31, 2014	<u>10</u>	<u>-</u>	<u>10</u>
Carrying amount:			
At December 31, 2014	<u>4</u>	<u>695</u>	<u>699</u>
At December 31, 2013	<u>7</u>	<u>-</u>	<u>7</u>

## 11 INVESTMENT IN SUBSIDIARIES

	<b>Company</b>	
	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Unquoted equity shares, at cost	<u>34,984</u>	<u>34,984</u>



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 11 INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the company's subsidiaries at December 31, 2014 are as follows:

Name of subsidiaries	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activity
		2014	2013	
		%	%	
SH Cogent Logistics Pte Ltd	Singapore	100	100	Provision of warehousing management services, and container depot management services and transportation of containers and cargoes
Soon Hock Transportation Pte. Ltd.	Singapore	100	100	Provision of warehousing services
Cogent Investment Group Pte. Ltd.	Singapore	100	100	Investment holding
Cogent Automotive Logistics Pte. Ltd.	Singapore	100	100	Export processing, transportation and storage of motor vehicles

The following subsidiaries are held by SH Cogent Logistics Pte Ltd:

Name of subsidiaries	Country of incorporation and operations	Proportion of ownership interest and voting power held		Principal activity
		2014	2013	
		%	%	
Cogent Land Capital Pte. Ltd.	Singapore	100	100	Provision of automotive logistics management services and property management services
Cogent Container Depot Pte. Ltd. (Previously known as JWC Logistics Pte. Ltd.)*	Singapore	100	50	Provision of container depot management services
Cogent Container Depot (M) Sdn. Bhd (Previously known as JW Cogent Logistics Sdn. Bhd.)*	Malaysia	100	50	Provision of container depot management services
SH Cogent Logistics Sdn. Bhd.**	Malaysia	100	-	Provision of container depot management services

\* During the financial year, the group acquired the remaining 50% equity interest of Cogent Container Depot Pte. Ltd. and Cogent Container Depot (M) Sdn. Bhd. (Note 12 and 29).

\*\* SH Cogent Logistics Sdn. Bhd. was incorporated during the financial year.

All of the above subsidiaries are audited by Deloitte & Touche LLP, Singapore except for subsidiaries in Malaysia which are not significant to the group.



# NOTES TO FINANCIAL STATEMENTS

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## 12 INVESTMENT IN JOINT VENTURES

	Group	
	2014 \$'000	2013 \$'000
Unquoted equity shares, at cost	-	1,034
Share of post-acquisition losses	-	(833)
Net	-	201

During the financial year, the group acquired the remaining 50% equity interest of Cogent Container Depot Pte. Ltd. and Cogent Container Depot (M) Sdn. Bhd. These companies have been presented as subsidiaries at the end of the year (Note 11 and Note 29).

The unaudited financial information in respect of the group's joint ventures (before the acquisition of the remaining 50%) is summarised as follows:

	Group	
	2014 \$'000	2013 \$'000
<b>Assets and liabilities</b>		
Total assets	-	746
Total liabilities	-	(344)
	-	402
Group's share of net assets	-	201
<b>Results</b>		
Revenue	396	1,160
Expenses	(534)	(1,592)
Net loss for the year	(138)	(432)
Group's share of results	(69)	(216)

The net assets and profit before tax of the joint ventures represent less than 5% of the group's consolidated net tangible assets and profit before tax.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 13 BANK LOANS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<u>Secured - at amortised cost</u>				
Bank Loans <sup>(1)</sup>	113,508	50,494	-	-
Non-current portion of bank loans	(105,907)	(48,263)	-	-
Current portion of bank loans	7,601	2,231	-	-

The bank loans are repayable as follows:

Within one year	7,601	2,231	-	-
Later than one year and not later than five years	30,405	15,563	-	-
Later than five years	75,502	32,700	-	-
	113,508	50,494	-	-

<sup>(1)</sup> Total bank borrowings are secured by the following:

- a first mortgage over certain properties of a subsidiary;
- fixed charge over certain property, plant and equipment;
- fixed and floating charge over all assets of a subsidiary;
- an assignment of the rights, interests and benefits arising under the construction contract and performance bonds relating to the construction of a property ("Property");
- an assignment of the rights, interests and benefits arising under the insurance policies relating to the construction of the Property; and
- corporate guarantee from the company.

The annual effective interest rates for the bank loans are as follows:

	Group		Company	
	2014	2013	2014	2013
Bank loans	2.25%	2.18%	-	-

Bank loans are repayable in 178 to 179 (2013: 53 to 179) monthly repayments and a final repayment of the balance amount outstanding.



# NOTES TO FINANCIAL STATEMENTS

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## 14 DEFERRED INCOME

<u>Group</u>	<b>Arising from sale and leaseback</b> \$'000	<b>Others</b> \$'000	<b>Total</b> \$'000
At January 1, 2013	4,000	-	4,000
Addition	-	24	24
Credit to profit or loss	(1,000)	-	(1,000)
At December 31, 2013	3,000	24	3,024
Addition	-	41	41
Credit to profit or loss	(1,000)	(43)	(1,043)
At December 31, 2014	2,000	22	2,022
<b>2014</b>			
Current portion	1,000	22	1,022
Non-current portion	1,000	-	1,000
	2,000	22	2,022
<b>2013</b>			
Current portion	1,000	21	1,021
Non-current portion	2,000	3	2,003
	3,000	24	3,024

The deferred income arose mainly from the sale and leaseback of a leasehold property held by a subsidiary in 2009. The total gain on disposal of the leasehold amounted to \$20,561,000 of which \$7,000,000 was recorded as a deferred income to be amortised over the next 7 years. The gain on disposal of \$13,561,000 was recorded in profit or loss in 2009 and the deferred income of \$7,000,000 approximated the land rental and property tax payable by the subsidiary over the lease period of 7 years in accordance with the leaseback arrangement.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 15 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Amounts payable under finance leases:				
Within one year	3,362	1,507	3,198	1,422
Later than one year and not later than five years	6,907	2,091	6,593	1,972
	10,269	3,598	9,791	3,394
Less: Future finance charges	(478)	(204)		
Present value of lease obligations	9,791	3,394		
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(3,198)	(1,422)
Amount due for settlement after 12 months			6,593	1,972

It is the group's policy to lease certain of its plant and equipment under finance leases. The average lease term and the average effective borrowing rate are as follows:

	Average lease term	Average effective borrowing rate per annum
As at December 31, 2014	47 months	1.43%
As at December 31, 2013	46 months	1.62%

Interest rates are fixed at the contracted date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The group's obligations under finance leases are secured by its property, plant and equipment (Note 10).

## 16 TRADE PAYABLES

The group's and company's payables pertain to outside parties and are interest-free. The average credit period on services received is 30 days (2013: 30 days).





# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 17 OTHER PAYABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Outside parties	1,294	4,328	13	-
Subsidiaries	-	-	185	-
Related parties (Note 5)	9,460	23,143	6	2
Accruals	6,751	6,947	2,897	2,707
Rental deposits	12,265	11,479	-	-
	<u>29,770</u>	<u>45,897</u>	<u>3,101</u>	<u>2,709</u>
Current	29,770	42,032	3,101	2,709
Non-current	-	3,865	-	-
	<u>29,770</u>	<u>45,897</u>	<u>3,101</u>	<u>2,709</u>

The amount due to related parties pertain to costs incurred for the construction of the integrated logistics hub (Note 5).

The non-current other payables have not been discounted to present value as management is of the opinion that the effect would be insignificant.

## 18 PROVISION FOR REINSTATEMENT COSTS

The provision for reinstatement costs is an estimation of costs to reinstate the group's leased premises to their original state upon expiry of the lease.

## 19 DEFERRED TAX LIABILITIES

	Accelerated tax depreciation	Tax losses	Total
	\$'000	\$'000	\$'000
<u>Group</u>			
At January 1, 2013	502	(10)	492
Charge to profit or loss (Note 24)	13	10	23
At December 31, 2013	<u>515</u>	<u>-</u>	<u>515</u>
Charge to profit or loss (Note 24)	347	-	347
At December 31, 2014	<u>862</u>	<u>-</u>	<u>862</u>



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 20 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Share Capital	
	2014 '000	2013 '000	2014 \$'000	2013 \$'000
Issued and paid up:				
At beginning and end of year	478,500	478,500	45,092	45,092

Fully paid ordinary shares, which have no par value, carry a right to dividends as and when declared by the company.

## 21 REVENUE

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Transportation management services	30,279	29,934
Container depot management services	19,836	18,430
Automotive logistics management services	23,402	20,958
Warehousing and property management services	44,952	43,517
	<u>118,469</u>	<u>112,839</u>

## 22 OTHER OPERATING INCOME

	Group	
	2014 \$'000	2013 \$'000
Interest income	113	52
Bargain purchase gain	29	-
Gain on disposal of property, plant and equipment	7,066	126
Fair value gain on held-for-trading investments (Note 9)	1	1
Dividend income	1	1
Insurance claims	38	193
Government grants	498	121
Net foreign exchange gain	29	84
Administrative income	450	438
Others	84	114
	<u>8,309</u>	<u>1,130</u>



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 23 FINANCE COSTS

	Group	
	2014	2013
	\$'000	\$'000
Interest expense to third parties	2,277	535
Less: Amounts included in the cost of qualifying assets (Note 10)	(1,289)	(404)
	<u>988</u>	<u>131</u>

## 24 INCOME TAX EXPENSE

	Group	
	2014	2013
	\$'000	\$'000
Current tax	3,806	3,186
Over-provision in prior years	(167)	(301)
Deferred tax (Note 19)	347	23
	<u>3,986</u>	<u>2,908</u>

Income tax is calculated at 17% (2013: 17%) of the estimated assessable income for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2014	2013
	\$'000	\$'000
Profit before tax	<u>28,644</u>	<u>18,037</u>
Tax at domestic income tax rate	4,869	3,066
Tax effect of (non-taxable) non-allowable items	(154)	656
Tax concession (Productivity and Innovation Credit)	(325)	(288)
Tax rebate	(123)	(120)
Exempt income	(114)	(105)
Over-provision in prior years	(167)	(301)
Total income tax expense	<u>3,986</u>	<u>2,908</u>



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 25 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2014	2013
	\$'000	\$'000
Directors' remuneration	2,908	3,465
Directors' fees	160	136
Retirement benefit scheme contributions included in employee benefits expense	1,561	1,335
Net foreign exchange gain	(29)	(84)
Fair value gain on held-for-trading investments	(1)	(1)
Audit fees paid to auditors of the company	27	25
Audit fees paid to auditors of the subsidiaries	117	107
Non-audit fees paid to auditors of the company	15	15

## 26 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the company is based on the following:

### Earnings

	Group	
	2014	2013
	\$'000	\$'000
Earnings for the purposes of calculation of basic and diluted earnings per share (profit for the year attributable to equity holders of the company)	24,658	15,129

### Number of shares

	Group	
	2014	2013
	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	478,500	478,500

## 27 DIVIDENDS

For the year ended December 31, 2014, the directors propose a final one-tier tax exempt dividend of 2.58 cents per ordinary share and a special one-tier tax exempt dividend of 1.18 cents per ordinary share to be paid to shareholders, amounting to \$17,992,000. This dividend is subject to approval by shareholders at the Annual General Meeting on April 29, 2015 and has not been included as a liability in the financial statements.

On May 23, 2014, the company paid a final one-tier tax exempt dividend of 1.26 cents per ordinary share totalling \$6,029,000 in respect of the financial year ended December 31, 2013 to the shareholders of the company. In May 2013, the company paid a final one-tier tax exempt dividend of 0.20 cents per ordinary share totalling \$957,000 in respect of the financial year ended December 31, 2012 to the shareholders of the company.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 28 SEGMENT INFORMATION

### Services from which reportable segments derive their revenue

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

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristics and are similar in respect of nature of services and processes and/or their reported revenue. The presentation of the segment information has been changed in current year due to reassessment of business operating units.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2.

The group's reportable operating segments under FRS 108 are as follows:

<b>Segment</b>	<b>Principal activities</b>
(a) Transportation management services	Transportation services locally for laden and empty containers and other cargoes, as well as provision of dry hubbing logistics solutions and project cargo services.
(b) Container depot management services	Provision of integrated container depot services comprising storage, handling, washing and repair of empty containers.
(c) Automotive logistics management services	Export processing, transportation and storage of motor vehicles.
(d) Warehousing and property management services	Rental of warehouses, provision of warehousing services including packing, drumming, other ancilliary services, and provision of property management services.

Corporate expenses and unallocated assets relate to the provision of group level corporate service and investment in entities that do not constitute an operating segment. Accordingly, corporate expenses and unallocated assets are presented separately in the segment information presented.

Segment revenue represents revenue generated from both external and internal customers. Segment profits represent the profit earned by each segment. Finance costs, share of result of joint ventures and income tax are not allocated.

For the purposes of monitoring segment performance and allocating resources between segments, the group's chief operating decision makers monitor the tangible and financial assets attributable to each segment. Assets, if any, used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments. Segment liabilities represent operating liabilities attributable to each reportable segment. Loans and bank borrowings and tax liabilities are not allocated.

These are measures reported to the group's chief operating decision makers for the purpose of resource allocation and assessment of segment performance.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 28 SEGMENT INFORMATION (cont'd)

Information regarding the group's reportable segments is presented in the tables below:

### Segment revenue and profit or loss

By operating segments	Transportation management services \$'000	Container depot management services \$'000	Automotive logistics management services \$'000	Warehousing and property management services \$'000	Inter-segment elimination \$'000	Total \$'000
<b>2014</b>						
<u>Revenue</u>						
External revenue	30,279	19,836	23,402	44,952	-	118,469
Inter-segment revenue	608	-	28	1,355	(1,991)	-
Total revenue	<u>30,887</u>	<u>19,836</u>	<u>23,430</u>	<u>46,307</u>	<u>(1,991)</u>	<u>118,469</u>
Segment profit	3,061	2,293	8,471	16,063	-	29,888
Finance costs						(988)
Share of loss of joint ventures						(69)
Corporate expenses						(187)
Profit before tax						<u>28,644</u>
Income tax expense						(3,986)
Profit for the year						<u>24,658</u>
<b>2013</b>						
<b>(Restated)</b>						
<u>Revenue</u>						
External revenue	29,934	18,430	20,958	43,517	-	112,839
Inter-segment revenue	581	-	31	980	(1,592)	-
Total revenue	<u>30,515</u>	<u>18,430</u>	<u>20,989</u>	<u>44,497</u>	<u>(1,592)</u>	<u>112,839</u>
Segment profit	2,660	1,744	4,547	9,660	-	18,611
Finance costs						(131)
Share of loss of joint ventures						(216)
Corporate expenses						(227)
Profit before tax						<u>18,037</u>
Income tax expense						(2,908)
Profit for the year						<u>15,129</u>



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 28 SEGMENT INFORMATION (cont'd)

### Segment assets, liabilities and other segment information

By operating segments	Transportation management services \$'000	Container depot management services \$'000	Automotive logistics management services \$'000	Warehousing and property management services \$'000	Inter-segment elimination \$'000	Total \$'000
<b>2014</b>						
<u>Assets</u>						
Segment assets	25,420	13,313	19,438	201,512	(3,557)	256,126
Unallocated assets						7,138
Total assets						<u>263,264</u>
<u>Liabilities</u>						
Segment liabilities	3,285	3,147	7,289	21,843	(3,557)	32,007
Loans and borrowings						123,299
Income tax payable						3,971
Deferred tax liabilities						862
Unallocated liabilities						6,560
Total liabilities						<u>166,699</u>
<b>2013 (Restated)</b>						
<u>Assets</u>						
Segment assets	23,032	10,319	12,263	142,527	(3,653)	184,488
Investment in joint ventures						201
Unallocated assets						8,459
Total assets						<u>193,148</u>
<u>Liabilities</u>						
Segment liabilities	6,919	3,866	5,449	42,173	(3,653)	54,754
Loans and borrowings						53,888
Income tax payable						3,245
Deferred tax liabilities						515
Unallocated liabilities						2,805
Total liabilities						<u>115,207</u>



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 28 SEGMENT INFORMATION (cont'd)

### Other segment information

	Transportation management services \$'000	Container depot management services \$'000	Automotive logistics management services \$'000	Warehousing and property management services \$'000	Total \$'000
<b>2014</b>					
Capital expenditure	2,664	1,504	132	69,422	73,722
Unallocated capital expenditure					1,099
					<u>74,821</u>
Depreciation	2,210	1,690	231	3,360	7,491
Unallocated depreciation					278
					<u>7,769</u>
<b>2013 (Restated)</b>					
Capital expenditure	2,738	489	303	78,111	81,641
Unallocated capital expenditure					301
					<u>81,942</u>
Depreciation	1,844	1,735	226	2,312	6,117
Unallocated depreciation					384
					<u>6,501</u>

### Geographical segment information

Except for two subsidiaries (2013: as joint ventures) operating in Malaysia, the group's operations are carried out solely in Singapore. The revenue generated by the two subsidiaries in Malaysia constitutes less than 10% of the group revenue during the year. Accordingly, no geographical segment information is presented.





# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 29 ACQUISITION OF SUBSIDIARIES

On June 26, 2014, the group completed its acquisition of a further 50% equity interest in its joint venture company, JW Cogent Logistics Sdn Bhd ("JW Cogent"), at a cash consideration of RM258,537 (equivalent to \$99,502). Following the acquisition, JW Cogent became a wholly-owned subsidiary under the group and subsequently changed its name to Cogent Container Depot (M) Sdn Bhd ("CCD(M)") on December 15, 2014. This transaction has been accounted for by the acquisition method of accounting.

On September 30, 2014, the group completed its acquisition of a further 50% equity interest in its joint venture company, JWC Logistics Pte Ltd ("JWC"), at a cash consideration of \$3,315. Following the acquisition, JWC became a wholly-owned subsidiary under the group and subsequently changed its name to Cogent Container Depot Pte Ltd ("CCD") on October 21, 2014. This transaction has been accounted for by the acquisition method of accounting.

	CCD(M) \$'000	CCD \$'000	Total \$'000
Consideration paid in cash	100	3	103

### Fair values of identifiable assets acquired and liabilities assumed at the date of acquisition

	CCD(M) \$'000	CCD \$'000	Total \$'000
<b>Current assets</b>			
Cash and cash equivalents	91	36	127
Trade and other receivables	201	6	207
<b>Non-current assets</b>			
Property, plant and equipment	165	7	172
<b>Current liabilities</b>			
Trade and other payables	(217)	(26)	(243)
Net assets acquired and liabilities assumed	240	23	263

### Bargain purchase arising on acquisition

	CCD(M) \$'000	CCD \$'000	Total \$'000
Consideration transferred	100	3	103
Fair value of equity interest held by the group immediately before the acquisition	120	11	131
Less: Fair value of identifiable net assets acquired	(240)	(23)	(263)
Bargain purchase gain	(20)	(9)	(29)



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 29 ACQUISITION OF SUBSIDIARIES (cont'd)

Net cash inflow on acquisition of subsidiaries

	CCD(M) \$'000	CCD \$'000	Total \$'000
Consideration paid in cash	100	3	103
Less: Cash and cash equivalents acquired	(91)	(36)	(127)
Net cash outflow (inflow) on acquisition of subsidiaries	9	(33)	(24)

Impact of acquisitions on the results of the group

Had the business combinations during the year been effected on January 1, 2014, there will be insignificant impact to the group.

## 30 OPERATING LEASE ARRANGEMENTS

**The group as lessee**

	2014 \$'000	2013 \$'000
Minimum lease payments under operating leases recognised as an expense in the year	30,641	31,490

At the end of the reporting period, the commitments in respect of non-cancellable operating leases for rental of land, warehouse premises and commercial property with a term of not less than one year were as follows:

	2014 \$'000	2013 \$'000
Future minimum lease payable:		
Within one year	25,406	30,088
Later than one year and not later than five years	41,414	23,101
Later than five years	52,850	38,312
	119,670	91,501

Operating lease payments represent rentals payable by the group for certain of its land and warehouse premises. Leases are negotiated for an average term of 2.8 years, except for leases with JTC Corporation which are negotiated for a period up to 30 years. Rental expenses are fixed for an average of 1.5 years.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 30 OPERATING LEASE ARRANGEMENTS (cont'd)

### The group as lessor

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Minimum lease payments under operating leases recognised as an income in the year	52,315	50,225

The group rents out its warehouse premises for storage to generate warehouse rental income and its commercial property to generate property rental income.

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease payments:

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	47,669	51,409
Later than one year and not later than five years	74,505	17,938
	<u>122,174</u>	<u>69,347</u>

The rental of certain commercial property units are based on either a fixed rental sum or a fixed percentage of monthly gross turnovers if the turnover exceeds a certain amount. The lease commitments for such units included above are determined based on the fixed rental sum.

Leases are committed for an average term of 2.6 years and rental income is fixed for an average of 2.5 years.

## 31 COMMITMENTS

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Banker's guarantees (secured)	2,210	2,436	1,512	1,039
Capital commitments	1,105	64,295	-	-

Bankers' guarantees issued by the banks are secured by corporate guarantees and pledged deposits.

As at December 31, 2014, the company has provided corporate guarantees to banks in respect of the banking facilities granted to its subsidiaries amounting to \$158,270,000 (2013: \$155,152,000), of which \$125,537,000 (2013: \$56,324,000) was utilised at the end of the reporting period.

The capital commitments are made up of contracts for construction of the integrated logistics hub, improvement of leasehold property and purchase of other equipment. Included in capital commitments is an amount of \$823,000 (2013: \$64,295,000) due to related party in relation to construction of the integrated logistics hub.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

## 32 RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements following a reassessment of the nature of expenses.

As a result, certain line items have been amended in the consolidated statement of profit or loss and other comprehensive income. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	<b>Group</b>	
	<b>Previously reported</b>	<b>After reclassification</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Consolidated statement of profit or loss and other comprehensive income</u>		
Operating expenses		
- Rentals on leased premises	-	(31,490)
- Amortisation of deferred income arising from sale and leaseback	-	1,000
- Contract services	-	(9,396)
- Fuel and utilities	-	(9,200)
- Storage and handling charges	-	(6,177)
- Repair and maintenance	-	(4,704)
- Hire of vehicle and equipment	-	(1,358)
- Others	-	(6,180)
Cost of services	(61,275)	-
Other operating expenses	(6,230)	-
	<u>(67,505)</u>	<u>(67,505)</u>

## 33 EVENTS AFTER THE REPORTING PERIOD

On March 3, 2015, the group established a new wholly-owned subsidiary in Singapore, Cogent Container Solutions Pte. Ltd. The paid up share capital was initially \$2 and this was subsequently increased to \$1,100,000. The primary business activities of the new subsidiary are trading, leasing and customisation of containers.



# STATISTICS OF SHAREHOLDINGS

AS AT MARCH 18, 2015

## GENERAL INFORMATION ON SHARE CAPITAL

**Number of shares** : 478,500,000  
**Class of shares** : Ordinary  
**Voting right** : One vote per share

## DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	6	0.79	163	0.00
100 - 1,000	54	7.11	51,530	0.01
1,001 - 10,000	256	33.68	1,484,200	0.31
10,001 - 1,000,000	428	56.32	37,294,400	7.79
1,000,001 and above	16	2.10	439,669,707	91.89
<b>TOTAL</b>	<b>760</b>	<b>100.00</b>	<b>478,500,000</b>	<b>100.00</b>

## TOP TWENTY SHAREHOLDERS AS AT MARCH 18, 2015

No.	Name of Shareholders	No. of Shares	% of Shares
1	TAN YEOW KHOON	316,756,775	66.20
2	TAN YEOW LAM	65,000,000	13.58
3	CITIBANK NOMINEES SINGAPORE PTE LTD	14,935,000	3.12
4	RAFFLES NOMINEES (PTE) LIMITED	9,079,100	1.90
5	NG POH CHOO	7,977,000	1.67
6	ANG KIAN HUI LARRY (WANG JIANHUI)	3,994,000	0.83
7	SEE SEE MENG	3,200,000	0.67
8	DBS NOMINEES (PRIVATE) LIMITED	2,694,000	0.56
9	UOB KAY HIAN PRIVATE LIMITED	2,621,700	0.55
10	PHILLIP SECURITIES PTE LTD	2,479,200	0.52
11	TAN MIN CHEOW, BENSON (CHEN MINCHAO, BENSON)	2,283,000	0.48
12	KGI FRASER SECURITIES PTE. LTD.	2,175,000	0.45
13	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,009,000	0.42
14	GOH HOCK SAN	1,980,200	0.41
15	KEH KIM CHIOH	1,393,900	0.29
16	CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,091,832	0.23
17	PAUL JONG MIN HIAN @ PAUL YONG	1,000,000	0.21
18	NEO NUE HONG	750,000	0.16
19	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	693,300	0.14
20	GOH WEE SUAN	690,000	0.14
<b>TOTAL</b>		<b>442,803,007</b>	<b>92.53</b>



# STATISTICS OF SHAREHOLDINGS

AS AT MARCH 18, 2015

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders as per Register of Substantial Shareholders as at March 18, 2015:

	Direct Interest	%	Deemed Interest	%
Tan Yeow Khoon	325,756,775*	68.08	10,463,000	2.19
Tan Yeow Lam	65,000,000	13.58	-	-

Note: \* 9,000,000 of the shares under direct interest are held through Citibank Nominees Singapore Pte Ltd.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at March 18, 2015, approximately 15.48% of the Company's shares were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST which requires at least 10% of its listed securities to be held by the public at all times.



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Cogent Holdings Limited (“the Company”) will be held at Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Wednesday, 29 April 2015 at 10.00 am for the following purposes:

## AS ORDINARY BUSINESS

- 1 To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the year ended 31 December 2014 together with the Auditors’ Report thereon. **(Resolution 1)**
- 2 To declare a final one-tier tax exempt dividend of 2.58 Singapore cents per share for the year ended 31 December 2014. **(Resolution 2)**
- 3 To declare a special one-tier tax exempt dividend of 1.18 Singapore cents per share for the year ended 31 December 2014. **(Resolution 3)**
- 4 To re-elect the following Directors of the Company retiring pursuant to Article 94 of the Articles of Association of the Company:  
  
Mr Tan Yeow Khoon (See Explanatory Note (i)) **(Resolution 4)**  
Mr Teo Lip Hua, Benedict (See Explanatory Note (ii)) **(Resolution 5)**
- 5 To approve the payment of Directors’ fees of S\$190,000 for the year ending 31 December 2015, to be paid half-yearly in arrears. (2014: S\$160,000) **(Resolution 6)**
- 6 To re-appoint Deloitte & Touche LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**
- 7 To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

### 8 AUTHORITY TO ISSUE SHARES

That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the “Singapore Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a) (i) 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) options, warrants, debentures or other instruments convertible into shares,

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

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

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number



# NOTICE OF ANNUAL GENERAL MEETING

of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

- (2) (subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) any new Shares arising from the conversion or exercise of any convertible securities;
  - (b) any new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority 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 earlier.

(See Explanatory Note (iii))

**(Resolution 8)**

## **9 AUTHORITY TO GRANT AWARDS AND TO ISSUE SHARES UNDER THE COGENT HOLDINGS PERFORMANCE SHARE PLAN**

That approval be and is hereby given to the Directors of the Company to grant awards in accordance with the provisions of the Cogent Holdings Performance Share Plan ("the Plan"), and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of awards granted under the Plan, provided always that the aggregate number of Shares to be issued and/or transferred pursuant to the Plan, when added to the number of new Shares issued and issuable and/or transferred and transferable in respect of (a) all awards granted under the Plan, and (b) all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note (iv))

**(Resolution 9)**

## **10 AUTHORITY TO ISSUE SHARES UNDER THE COGENT HOLDINGS EMPLOYEE SHARE OPTION SCHEME**

That the Directors of the Company be authorised and empowered to offer and grant options in accordance with the rules of the Cogent Holdings Employee Share Option Scheme ("the Scheme") and to issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of new Shares to be issued pursuant to the Scheme, when added to the number of new Shares issued and issuable in respect of (a) all options granted under the Scheme, and (b) all awards granted under any other share option, share incentive, performance share or restricted share





# NOTICE OF ANNUAL GENERAL MEETING

plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note (v))

**(Resolution 10)**

## 11 RENEWAL OF SHARE PURCHASE MANDATE

That:

(1) pursuant to the Singapore Companies Act, the Directors of the Company be and are hereby authorised to purchase or otherwise acquire the Shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (a) on-market purchase(s) ("Market Purchase"), transacted on the SGX-ST through the ready market, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) ("Off-Market Purchase") effected pursuant to an equal access scheme, as may be determined or formulated by the Directors as they consider fit; and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Singapore Companies Act, and listing rules of the SGX-ST (the "Listing Rules") as may for the time being be applicable (the "Share Purchase Mandate");

(2) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:

- (a) the conclusion of the next Annual General Meeting of the Company;
- (b) the date by which the next Annual General Meeting is required by law to be held;
- (c) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or
- (d) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting;

(3) in this Ordinary Resolution:

"Maximum Limit" means that number of issued Shares representing not more than 5% of the issued share capital of the Company as at 29 April 2015, being the date of the 2015 Annual General Meeting;

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (hereinafter defined) of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the



# NOTICE OF ANNUAL GENERAL MEETING

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Highest Last Dealt Price (hereinafter defined) of the Shares,

where:

“Average Closing Price” means the average of the closing market prices of a Share for the five (5) consecutive Market Days (a “Market Day” being a day on which the SGX-ST is open for trading in securities) on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five (5) Market Days;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the SGX-ST on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

- (4) the Directors of the Company and each of them be and are hereby authorised to take such steps and exercise such discretion and do all such acts and things as they or he may deem desirable, necessary or expedient to give effect to matters referred to in paragraphs 11(1), 11(2) and 11(3) including, without limitation, to negotiate, execute and authorise the release of, in the name of and on behalf of the Company, all such agreements, deeds, undertakings, forms, circulars, announcements, instruments, notices, communications and other documents and things, and to approve any amendment, alteration or modification to any such document.

(See Explanatory Note (vi))

**(Resolution 11)**

By Order of the Board

**Lim Ka Bee**  
Secretary  
Singapore

14 April 2015



# NOTICE OF ANNUAL GENERAL MEETING

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## Explanatory Notes:

- (i) Mr Tan Yeow Khoon will, upon re-election as a Director of the Company, continue to serve as Executive Chairman of the Company. Detailed information on Mr Tan can be found under sections entitled 'Board of Directors' and 'Corporate Governance Report' in the Company's Annual Report 2014.
- (ii) Mr Teo Lip Hua, Benedict will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee, member of the Audit Committee, member of the Nominating Committee and will be considered independent. Detailed information on Mr Benedict Teo can be found under sections entitled 'Board of Directors' and 'Corporate Governance Report' in the Company's Annual Report 2014.
- (iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.  

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.
- (iv) The Ordinary Resolution 9 in item 9 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue and/or transfer Shares pursuant to the Plan provided that the aggregate number of Shares to be issued and/or transferred pursuant to the Plan, when added to the number of new Shares issued and issuable and/or transferred and transferable in respect of (a) all awards granted under the Plan, and (b) all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.
- (v) The Ordinary Resolution 10 in item 10 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares pursuant to the exercise of options granted or to be granted under the Scheme provided that the aggregate number of Shares to be issued pursuant to the Scheme, when added to the number of new Shares issued and issuable in respect of (a) all options granted under the Scheme, and (b) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company from time to time.
- (vi) The proposed Resolution 11 in item 11 above, if passed, will empower the Directors of the Company to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Purchase Mandate. This authority will continue in force until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting or the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier unless previously revoked or varied at a general meeting.



# NOTICE OF ANNUAL GENERAL MEETING

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## Notes:

- 1 A member of the Company ("Member") entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
- 2 The instrument appointing a proxy must be deposited at the registered office of the Company at 7 Penjuru Close #05-00 Singapore 608779 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

## Personal data privacy:

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

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# PROXY FORM

(Please see notes overleaf before completing this Form)

## COGENT HOLDINGS LIMITED

(Company Registration No. 200710813D)  
(Incorporated in the Republic of Singapore)

### IMPORTANT: FOR CPF INVESTORS ONLY

1. For investors who have used their CPF monies to buy Cogent Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, \_\_\_\_\_

of \_\_\_\_\_

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Wednesday, 29 April 2015 at 10.00 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No.	Ordinary Resolutions	No. of Votes For	No. of Votes Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Payment of a final dividend		
3	Payment of a special dividend		
4	Re-election of Mr Tan Yeow Khoo as a Director		
5	Re-election of Mr Teo Lip Hua, Benedict as a Director		
6	Approval of Directors' fees		
7	Re-appointment of Deloitte & Touche LLP as Auditor		
8	Authority to issue shares		
9	Authority to grant awards and to issue shares pursuant to the Cogent Holdings Performance Share Plan		
10	Authority to issue shares pursuant to the Cogent Holdings Employee Share Option Scheme		
11	Renewal of Share Purchase Mandate		

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

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

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

\*Delete where inapplicable

Shares in:	No. of Shares held
(a) CDP Register	
(b) Register of Members	
<b>Total</b>	



**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 a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- 3 Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 4 Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
- 5 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7 Penjuru Close #05-00 Singapore 608779 not less than forty-eight (48) hours before the time appointed for the Meeting.
- 6 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
- 7 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.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2015.

**General:**

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. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



# Corporate Information

## Board Of Directors

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### Executive Chairman

Tan Yeow Khoon

### Executive Director & CEO

Tan Min Cheow, Benson

### Managing Director

Edwin Tan Yeow Lam

### Lead Independent Director

Chan Soo Sen

### Independent Director

Chua Cheow Khoon, Michael

### Independent Director

Teo Lip Hua, Benedict

## Company Secretary

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Lim Ka Bee

## Registered Office

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7 Penjuru Close #05-00  
Singapore 608779  
Tel: +65 6266 6161  
Fax: +65 6261 5730  
www.cogentholdingsltd.com

## Share Registrar

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Boardroom Corporate &  
Advisory Services Pte Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623  
Tel: +65 6230 9612  
Fax: +65 6536 1360

## Audit Committee

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### Chairman

Chua Cheow Khoon, Michael

### Members

Chan Soo Sen  
Teo Lip Hua, Benedict

## Nominating Committee

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### Chairman

Chan Soo Sen

### Members

Teo Lip Hua, Benedict  
Chua Cheow Khoon, Michael

## Remuneration Committee

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### Chairman

Teo Lip Hua, Benedict

### Members

Chan Soo Sen  
Chua Cheow Khoon, Michael

## Auditors

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### Deloitte & Touche LLP

6 Shenton Way  
OUE Downtown 2  
#33-00  
Singapore 068809

### Audit Partner-In-Charge:

Patricia Lee Kuang Hong  
(appointed since the financial  
year ended 31 December 2011)

## Principal Bankers

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Malayan Banking Berhad  
DBS Bank Ltd  
United Overseas Bank Limited  
Oversea-Chinese Banking  
Corporation Limited



**COGENT HOLDINGS LIMITED**

7 Penjuru Close #05-00 Singapore 608779

Tel: 6266 6161 Fax: 6261 5730

[www.cogentholdingsltd.com](http://www.cogentholdingsltd.com)

REG NO.:200710813D