2019 ANNUAL REPORT

SIN GHEE HUAT
CORPORATION

STAYING FOCUSED
STAYING THE COURSE

TABLE OF **CONTENTS**

COMPANY PROFILE

Sin Ghee Huat Corporation Ltd is a public company listed on the mainboard of Singapore Exchange Securities Trading Limited. We have a track record of more than 30 years in the sales and distribution of stainless steel products and have grown to be a major stockist and "one-stop" distributor of 304/304L and 316/316L grades of austenitic stainless steel as well as duplex steel products and specialty metals. These include pipes, fittings, plates, bars, tubes and flanges which we source from reputable suppliers in China, Europe, Japan, South Korea and Taiwan.

Our main warehouse facilities in Singapore are located at 62 Tuas Basin Link Singapore 638776 and 32 Gul Crescent Singapore 629537.

BOARD OF **DIRECTORS**

MR GOH CHEE WEE

Mr Goh Chee Wee, 73, was first appointed an Independent Director and Non- Executive Chairman of the Company on 28 October 2009, and was last re-elected a Director on 23 October 2018. He is currently also a director of Beng Kuang Marine Ltd, Chailease Holding Company Ltd and King Wan Corporation Ltd, all of which are listed companies.

Mr Goh was formerly a Member of Parliament and Minister of State for Trade & Industry, Labour and Communications. He holds a Bachelor of Science (First Class Honours) degree and a Diploma in Business Administration from the then University of Singapore, and a Master of Science (Engineering) degree from the University of Wisconsin, USA.

MR KUA GHIM SIONG

Mr Kua Ghim Siong, 41, our Chief Executive Officer ("CEO"), was appointed an Executive Director of the Company on 25 October 2012. He was appointed Interim CEO of the Company on 1 September 2012 and subsequently appointed CEO of the Company on 1 August 2013. He is responsible for corporate strategic direction and general management of the Group, and concurrently oversees the purchasing functions. He joined the Company as Sales Executive in April 2004 after graduation, and assumed the role of Assistant Purchasing Manager in October 2006. Ghim Siong was promoted to Purchasing and Logistics Manager on 1 August 2010 and was Senior Manager, Purchasing & Logistics/China Operations from 1 August 2011 to 24 October 2012. He holds a Bachelor of Commerce degree from the University of Western Australia.

MR HOON TAI MENG

Mr Hoon Tai Meng, 67, was appointed an Independent Director of the Company on 1 March 2007, and was last re-elected a Director on 19 October 2016. He is currently Senior Consultant of RHTLaw Taylor Wessing LLP and an Independent Director of Pavillon Holdings Ltd, Koufu Group Limited and Hock Lian Seng Holdings Ltd. He was formerly an Executive Director of Chip Eng Seng Corporation Ltd until 30 June 2018 and a partner with M/s KhattarWong until June 2011.

Besides having 16 years of experience in legal practice and 7 years of experience as executive director of a listed property and construction group, Tai Meng also has approximately 20 years of experience in financial planning and management, audit and tax functions. He has a Bachelor of Commerce degree in accountancy from the then Nanyang University and a LLB (Honours) degree from the University of London. Tai Meng is a Fellow of the Chartered Institute of Management Accountants (United Kingdom), a Fellow of the Association of Chartered Certified Accountants (United Kingdom), a Fellow member of the Institute of Singapore Chartered Accountants and a Barrister-at-Law (Middle Temple, United Kingdom).

BOARD OF DIRECTORS

MR LIM LIAN SOON

Mr Lim Lian Soon, 64, was appointed an Independent Director of the Company on 30 October 2018. He was previously a Director/Consultant of CA Trust Taxation Pte Ltd and CA Trust Solutions Pte Ltd and is currently a trainer in Continuing Professional Education. Lian Soon was formerly a Practising Certified Public Accountant for 15 years until 2009. He was an Executive Director and Chief Executive Officer of the Company from 2009 to 2012. He started his career as an auditor and subsequently worked in various industries in internal audit, tax and accounting of which 7 years were in the oil and gas service industry. Lian Soon is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and the Institute of Singapore Chartered Accountants.

MR KUA PENG CHUAN

Mr Kua Peng Chuan, 36, our Market Development Director, was appointed Director of the Company on 25 October 2011, and was last re-elected a Director on 19 October 2017. He was Alternate Director to Kua Chee Hong from 11 December 2009 to 25 October 2011. Peng Chuan manages sales operations and market development. He joined the Company as Sales Executive in October 2004 after completing his National Service. He assumed the role of Sales & Marketing Manager cum Head of Market Development on 1 August 2010, and was promoted to Senior Manager, Sales & Marketing/Head of Market Development on 1 August 2011. He holds a diploma in Chemical Engineering from Temasek Polytechnic.

MR LOW CHUI HENG

Mr Low Chui Heng, 59, was appointed a Non-Executive Director of the Company on 30 October 2018. He is currently an executive director of Hong Hock Hardware Pte Ltd. Mr Low is a businessman with over 30 years of experience dealing in non-ferrous metals including stainless steel. He was formerly an Executive Director of Zhongmin Baihui Retail Group Ltd, a listed company on the Singapore Exchange, from 2012 to 2015.

KEY EXECUTIVES

CHIA HUA MENG, 68, is our Chief Financial Officer. He is responsible for financial management and oversees administration functions and risk management. Hua Meng has around 35 years of experience in financial management, accounting and general administration. Prior to joining the Company on 3 February 2010, he was Financial Controller and Secretary of another company listed on Singapore Exchange. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a member of the Institute of Singapore Chartered Accountants.

LETTER TO SHAREHOLDERS

Businesses continued to improve as the long-awaited recovery in the oil and gas industry paced over the horizon. Riding the wave against a backdrop of ongoing geopolitical and trade tensions on top of unending global economic uncertainties, Sin Ghee Huat Corporation Ltd (the "Company" or the "Group") managed to emerge a little stronger with a revenue of $49.86 million (FY2018: $37.69 million) and a net profit of $2.40 million (FY2018: $32,000) for the financial year ended 30 June 2019 ("FY2019").

Shored up by a recovery in the oil and gas industry, business sentiments edged up during the year, spreading across all the industries in which the Group's customers operate – from marine to engineering and from construction to trading.

Our overseas market, predominantly comprising the neighbouring ASEAN countries, contributed 54% (FY2018: 47%) to the Group's revenue in FY2019. The revenue growth has apparently been trending towards the overseas markets. Although the Singapore segment picked up in FY2019 with a revenue of $23.16 million (FY2018: $20.10 million), the overall revenue growth in the local market had trailed behind, notably since the onset of the economic downturn triggered by the oil price crash in 2016.

The pick-up in demand for stainless steel and specialty alloy products steadied during the year on the back of renewed optimism in oil and gas exploration activities in the upstream sector. The outlook in the near term looks bright if the current level of business activities across the supply chains is anything to go by. We are cautiously optimistic, though, given that trade protectionism and economic uncertainties are on the rise.

Weighed down by the subdued economy in New Zealand, business activities at our joint venture remained low during the year. Notwithstanding this, there is confidence of the joint venture making a return to recovery in the foreseeable future.

The Suzhou subsidiary, dragged down by competition and cost pressure, incurred a loss of $94,000 for the year. The viability of the subsidiary operating under the present business model was the subject of a review by the Board. The desired options and progress panning out in the ensuing year will guide the direction for the entity going forward.

Construction of the warehouse facilities at 32 Gul Crescent Singapore is well in progress and scheduled to be completed within the following year. Together with the automated storage and retrieval system, the new facilities will expand storage capacity for our inventories and enhance operational efficiency and productivity to support our business growth.

The Group had adopted the new standard for management system on occupational health and safety, ISO45001:2018 certification, transitioning from the OHSAS 18001:2007 standard in June 2019. We endeavour to provide our employees with a safe working environment. We will continue to take a phased approach to progress along our sustainability journey as we grow our business.

Sustainability in financial position is at the forefront of business settings. The Group's financial position remains healthy with net asset value or equity standing at $85.70 million (30 June 2018: $84.23 million). This translates to 38.6 cents per share (30 June 2018: 37.9 cents per share). The net asset value comprised substantially current assets.

The Board has recommended the payment of a Final one-tier tax exempt dividend of 0.6 cents per share in respect of the financial year ended 30 June 2019. The proposed dividend amounting to $1.33 million, if approved by the shareholders at the forthcoming Annual General Meeting of the Company to be held on 18 October 2019, will be paid in November 2019.

LETTER TO SHAREHOLDERS

As announced to the shareholders on 30 October 2018, Mr Lim Lian Soon was appointed an Independent Director, and Mr Low Chui Heng a Non-Independent Non-Executive Director, of the Company. We are pleased to have Mr Lim and Mr Low on board and look forward to their positive contributions to the Company.

On behalf of the Board, we thank all our valued shareholders for your understanding and support, and our customers and business partners for their continued patronage and support. We also thank all our employees for their dedication, hard work and perseverance both in good times and bad times.

As we stay focused and resilient amid challenges and uncertainties in our pursuit for sustainable growth, we will stay on course in the years ahead.

Goh Chee Wee
Chairman

Kua Ghim Siong
Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

REVENUE

The Group posted a revenue of $49.86 million for the financial year ended 30 June 2019 ("FY2019") as market conditions improved and product demands increased. This was 32% higher compared with $37.69 million revenue registered in the preceding financial year ended 30 June 2018 ("FY2018"). Recovery in the upstream oil and gas sector lifted business sentiments across the supply chains, even as global trade tensions and economic uncertainties dominated the news all the year round.

Our core business is the trading and sales of stainless steel and specialty metal products, which is essentially one operating segment. The revenue is broadly grouped into the industries in which the Group's customers operate. As shown in the table below, the increase in revenue was across all these industries.

	FY2019	FY2018	Increase	
	$'000	$'000	$'000	%
Marine and shipbuilding	**5,511**	3,834	1,677	44%
Oil & gas and petrochemical	**9,024**	7,149	1,875	26%
Engineering and construction	**19,025**	12,403	6,622	53%
Trading and others	**16,296**	14,301	1,995	14%
Total	**49,856**	37,687	12,169	32%

The geographical segments also registered a broad-based increase in revenue. Singapore, our traditional market, remains as the main geographical segment, contributing 46% (FY2018: 53%) to the Group's total revenue in FY2019. The other ASEAN countries, led by Indonesia, continued to be the main overseas markets for the Group, accounting for 54% (FY2018: 47%) of the Group's revenue.

	FY2019	FY2018	Increase	
	$'000	$'000	$'000	%
Singapore	**23,159**	20,099	3,060	15%
Indonesia	**9,377**	6,494	2,883	44%
China	**5,529**	2,562	2,967	116%
Rest of ASEAN countries	**7,921**	5,767	2,154	37%
Others	**3,870**	2,765	1,105	40%
Total	**49,856**	37,687	12,169	32%

COST OF SALES AND GROSS PROFIT

Gross profit was 40% higher at $12.06 million (FY2018: $8.64 million) in line with increased sales revenue. Gross profit margin was 24% (FY2018: 23%). The FY2019 gross profit included a write-back of inventory provision of $225,000 in respect of the impairment provision made previously which was no longer necessary in light of improved market conditions. The FY2018 gross profit was arrived at after taking into account an inventory impairment of $1.21 million.

OTHER INCOME, COSTS, EXPENSES AND PROFIT

Distribution costs and administrative expenses for FY2019 were collectively higher at $9.28 million (FY2018: $8.46 million) primarily due to increased business activities and manpower costs as well as rental expenses for a temporary warehouse during the period of redevelopment of the Gul Crescent warehouse facilities.

Other operating income was lower at $158,000 (FY2018: $214,000) mainly due to lower subsidies and scrap sales, as offset by higher recovery of bad debts. Bad debts recovered in FY2019 totalled $73,000 (FY2018: $35,000) whilst $17,000 (FY2018: $23,000) was written off as irrecoverable.

Impairment loss on trade and other receivables was $237,000 (FY2018: $163,000) in FY2019. The increase largely arose from additional provision of impairment on adoption of SFRS(I) 9.

Other operating expenses of $14,000 for FY2019 comprised a loss on disposal of property, plant and equipment, whereas other operating expenses of $271,000 for FY2018 were attributed to foreign exchange loss.

Finance income comprised mainly interests earned on fixed deposits and bond securities. Finance income was lower at $246,000 (FY2018: $320,000) largely due to reduced short-term bank deposits.

Finance cost for FY2019 was lower at $38,000 (FY2018: $48,000) as there was lower amortisation on bond securities.

Net profit of $2.40 million (FY2018: $32,000) was achieved for the year as business conditions improved.

OPERATING AND FINANCIAL REVIEW

SUSTAINABILITY AND WAREHOUSE REDEVELOPMENT

The Group takes a practical, phased approach in sustainability governance. In respect of the management system on occupational health and safety for our employees, the new standard, ISO45001:2018 has been adopted and implemented in place of OHSAS18001:2007 effective June 2019.

Construction of the warehouse facilities at 32 Gul Crescent Singapore is on schedule. It will be completed in the following year, together with automated storage and retrieval system ("ASRS"). Embracing ASRS technology in the warehouse operations contributes towards the Group's sustainability efforts in enhancing efficiency and productivity at the workplace in the long run.

The second issue of the Sustainability Report will be published in due course.

FINANCIAL POSITION AND CASH FLOWS

Group equity was $85.70 million (FY2018: $84.23 million) which is equivalent to 38.6 cents per share (FY2018: 37.9 cents per share). 88% of the equity or net asset value comprised net current assets.

Inventories rose to $49.88 million (FY2018: $41.02 million) as replenishments continued during the year in light of increased market demand. Average inventory turnover for FY2019 was lower at 439 days (FY2018: 489 days).

Trade and other receivables was higher at $15.74 million (FY2018: $14.40 million) largely due to increased sales revenue during the year. Receivables turnover for FY2019 was lower at 101 days (FY2018: 120 days).

Trade and other payables for FY2019 were higher at $4.48 million (FY2018: $3.13 million) mainly due to increased inventory purchases and timing of payment to suppliers.

There were no outstanding borrowings as of 30 June 2019. The $2.00 million outstanding borrowings as of 30 June 2018 plus an additional $1.56 million borrowed in FY2019 were fully repaid during the year. These borrowings were short-term invoice financing for inventory purchases of a subsidiary. The repayments largely resulted in net cash used financing activities of $2.71 million in FY2019.

Of the total expenditure on property, plant and equipment of $3.02 million (FY2018: $63,000), an amount of $2.92 million was attributed to the redevelopment of the warehouse facilities at 32 Gul Crescent, Singapore.

Net cash used in investing activities of $2.77 million was attributed to the expenditure on redevelopment of the warehouse facilities. Net cash from investing activities in FY2018 was a positive of $2.26 million due to proceeds from redemption of bond securities.

The decrease in cash and cash equivalents to $15.10 million (30 June 2018: $26.27 million) was largely attributed to increase in inventory replenishments, repayment of borrowings and cash outlay for the redevelopment of the warehouse facilities at Gul Crescent.

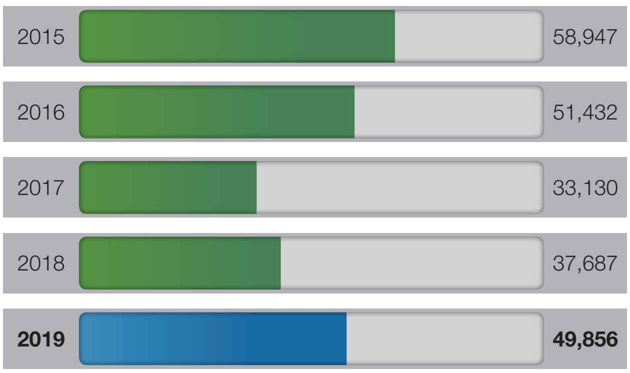
FINANCIAL HIGHLIGHTS

	FY2015	FY2016	FY2017	FY2018	FY2019
Income Statement ($'000)					
Sales revenue	58,947	51,432	33,130	37,687	**49,856**
Profit/(Loss) before tax	4,134	5	(592)	198	**2,901**
Profit/(Loss) after tax	3,543	41	(274)	32	**2,395**
Balance Sheet and Cash Flow ($'000)					
Inventories	44,749	38,776	36,865	41,019	**49,883**
Trade receivables	15,777	10,500	9,333	12,381	**13,827**
Cash and cash equivalents	16,870	26,003	29,737	26,274	**15,101**
Current assets	80,102	76,104	77,850	81,692	**80,393**
Investments in bonds	5,095	4,088	3,038	1,001	**1,001**
Total assets	94,177	88,504	87,690	89,541	**90,719**
Current liabilities	5,023	2,644	3,218	5,309	**5,015**
Total liabilities	5,066	2,644	3,218	5,309	**5,015**
Total equity	89,111	85,860	84,472	84,232	**85,704**
Net cash from operations	1,912	12,493	3,639	(6,865)	**(5,461)**
Financial Statistics					
Gross profit margin (%)	21.3%	17.1%	23.3%	22.9%	**24.2%**
Net profit margin (%)	6.0%	0.1%	-0.8%	0.1%	**4.8%**
Return on assets (%)(1)	3.8%	0.0%	-0.3%	0.0%	**2.6%**
Return on equity (%)(1)	4.0%	0.0%	-0.3%	0.0%	**2.8%**
Earnings per share (cents)	1.60	0.02	(0.12)	0.01	**1.08**
Net asset value per share (cents)	40.14	38.68	38.05	37.87	**38.61**
Dividends per share (cents)	1.50	0.50	0.20	0.30	**0.60**
Dividends amount ($'000)	3,330	1,110	444	666	**1,332**
Current ratio (times)	15.9	28.8	24.2	15.4	**16.0**
Inventory turnover (days)(1)	327	358	543	489	**439**
Receivables turnover (days)(2)	98	75	103	120	**101**
Payables turnover (days)(2)	19	14	31	27	**23**

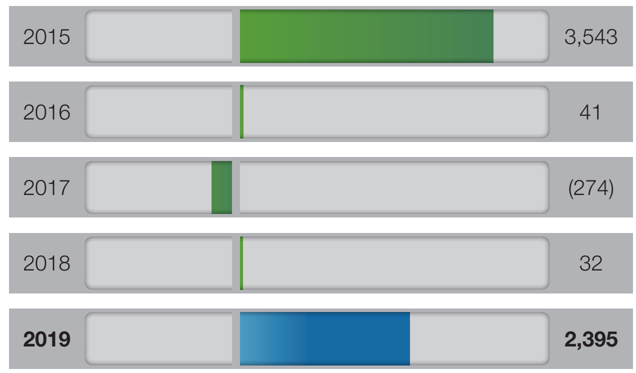
(1) average basis
(2) ending balance basis, trade

FINANCIAL HIGHLIGHTS

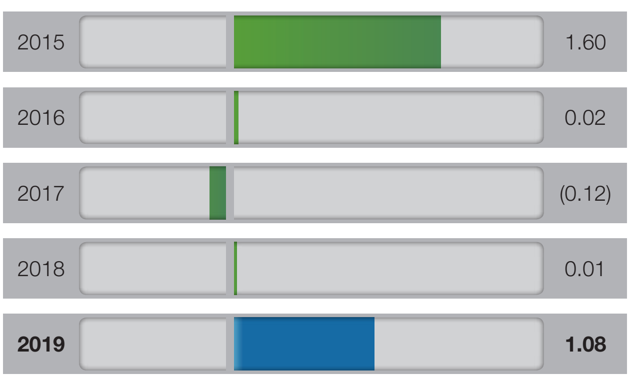
SALES REVENUE ($'000)



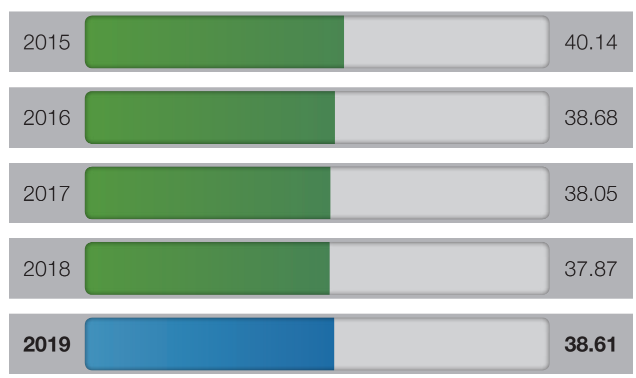
PROFIT AFTER TAX ($'000)



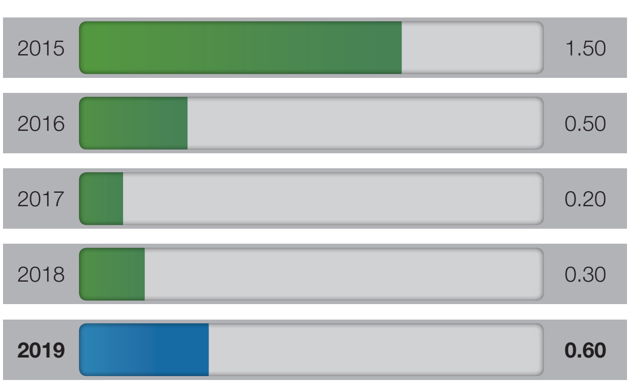
EARNINGS PER SHARE (CENTS)



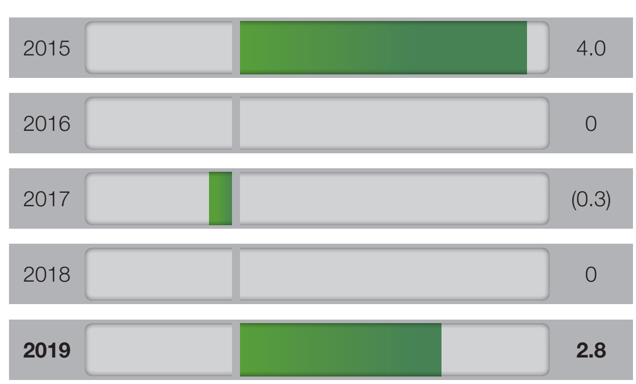
NET ASSET VALUE PER SHARE (CENTS)



DIVIDENDS PER SHARE (CENTS)



RETURN ON EQUITY (%)



CORPORATE INFORMATION

BOARD OF DIRECTORS

GOH CHEE WEE
Non-Executive Chairman and Independent Director

KUA GHIM SIONG
Chief Executive Officer and Executive Director

KUA PENG CHUAN
Executive Director

HOON TAI MENG
Non-Executive and Independent Director

LIM LIAN SOON
Non-Executive and Independent Director

LOW CHUI HENG
Non-Executive and Non-Independent Director

AUDIT COMMITTEE

Hoon Tai Meng (Chairman)
Goh Chee Wee
Lim Lian Soon

NOMINATING COMMITTEE

Lim Lian Soon (Chairman)
Goh Chee Wee
Hoon Tai Meng

REMUNERATION COMMITTEE

Goh Chee Wee (Chairman)
Hoon Tai Meng
Lim Lian Soon

COMPANY SECRETARIES

Joanna Lim Lan Sim
Lotus Isabella Lim Mei Hua

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

32 Penhas Road #01-01
Singapore 208191
Tel: 6398 1118
Fax: 6398 1119
Email: enquiries@singheehuat.com.sg
Website: www.singheehuat.com.sg

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants Singapore
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Audit Partner: Tan Yek Lee Doreen
(Appointed since financial year ended 30 June 2016)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
CIMB Bank Berhad
DBS Bank Limited
Bank of China, Suzhou, China

FINANCIAL CONTENTS

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “Board” or the “Directors”) of Sin Ghee Huat Corporation Ltd. (the “Company”) recognises the importance of sound corporate governance in protecting the interests of its shareholders as well as strengthening investors’ confidence in its management and financial reporting. The Company, together with its subsidiaries (the “Group”), is committed to maintaining a high standard of corporate governance to enhance corporate accountability and transparency.

This statement describes the Company’s corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the “Code”). The Company has complied substantially with the requirements of the Code and will continue to review its practices on an ongoing basis. Where there are deviations from the Code, appropriate explanations are provided in this report or in other sections of this Annual Report. Please read this report in conjunction with the other sections of the Annual Report.

BOARD MATTERS

Principle 1: Board’s Conduct of its Affairs

The primary role of the Board is to provide leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Group to meet its objectives; establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets; review management performance; identify the key stakeholder groups and recognise that their perceptions affect the Group’s reputation; set the Group’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and consider sustainability issues, such as environmental and social factors, as part of its strategic formulation.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interests of the Group.

To facilitate effective management, certain functions have been delegated to the respective board committees, namely the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”), each of whose members is drawn from members of the Board (together “Board Committees” and each a “Board Committee”). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

The day-to-day management of the affairs of the Group is delegated by the Board to the Management team headed by the Chief Executive Officer.

A schedule of all the Board and Board Committees meetings for the calendar year is usually prepared in advance and distributed to the Directors. Besides the scheduled meetings, where circumstances require, ad-hoc meetings are held. All meetings are conducted in Singapore and attendance by the Directors has been regular. The attendances of the Directors at meetings of the Board and Board Committees as well as the number of such meetings during the financial year ended 30 June 2019 (“FY2019”) are set out on the next page.

CORPORATE GOVERNANCE STATEMENT

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Goh Chee Wee	5	5	4	4	1	1	1	1
Kua Ghim Siong	5	5	NA	NA	NA	NA	NA	NA
Kua Peng Chuan	5	4	NA	NA	NA	NA	NA	NA
Hoon Tai Meng	5	5	4	4	1	1	1	1
Low Chui Heng(1)	3	3	NA	NA	NA	NA	NA	NA
Lim Lian Soon(2)	3	3	3	3	NA	NA	NA	NA
Tan Lye Heng Paul(3)	2	2	1	1	1	1	1	1
Kua Chee Seng(4)	2	1	NA	NA	NA	NA	NA	NA

NA: Not Applicable.

(1) Mr Low Chui Heng was appointed as a Non-Executive Non-Independent Director of the Company on 30 October 2018.

(2) Mr Lim Lian Soon was appointed as a Non-Executive Independent Director of the Company on 30 October 2018.

(3) Mr Tan Lye Heng Paul ceased to be a Non-Executive Independent Director of the Company on 23 October 2018.

(4) Mr Kua Chee Seng ceased to be an Executive Director of the Company on 23 October 2018.

The Company's Articles of Association (the "Articles") allow a Board meeting to be conducted by means of telephone and video conference or similar communications equipment.

The Company has formulated guidelines setting forth matters reserved for the Board's decision. The management of the Company (the "Management") is also given clear directions on matters (including set thresholds for certain operational matters relating to subsidiaries) that require the Board's approval.

Certain material corporate actions that require the Board's approval are as follows:

- Approval of quarterly and full-year financial results announcements;
- Approval of annual reports and financial statements;
- Recommendation of dividends and other returns to shareholders;
- Nomination of directors for appointment to the Board and appointment of key personnel;
- Convening of shareholders' meetings;
- Authorisation of material acquisitions and disposal of assets;
- Authorisation of major transactions; and
- Approval of internal audit report.

CORPORATE GOVERNANCE STATEMENT

The Board likewise reviews and approves all corporate actions for which shareholders' final approval is required.

The directors may attend courses, conferences and seminars and participate in discussion groups, the costs of which will be borne by the Company, to keep abreast of the latest developments which are relevant to their roles. They may also visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.

The Directors are updated on key changes in relevant regulatory requirements and financial reporting standards. New releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board.

Annually, the external auditors update the AC and the Board on new or revised financial reporting standards, in particular, standards that could have a material impact on the Group's consolidated financial statements.

New directors, upon appointment, will be briefed on the business and organisation structure of the Group to ensure that they are familiar with the Group's structure, businesses and operations. A formal appointment letter would be issued to any new director upon his appointment setting out his duties and obligations as a director.

Principle 2: Board Composition and Guidance

The Board comprises two Executive Directors, three Independent Directors and a Non-Executive Non-independent Director as at the date of this report. Key information regarding the Directors can be found under the "Board of Directors" section of this Annual Report. The independence of each Independent Director is reviewed annually by the NC.

The NC is of the view that the Board, with Independent Directors comprising at least one-third of the Board, has an independent element ensuring objectivity in the exercise of judgement on corporate affairs independently from the Management. The NC is also of the view that no individual or small group of individuals dominates the Board's decision-making process.

Currently, Mr Goh Chee Wee and Mr Hoon Tai Meng have served on the Board for more than nine years from the date of their first appointment. In view thereof, the Board has conducted a particularly rigorous review of Mr Hoon Tai Meng's and Mr Goh Chee Wee's independence. In doing so, the Board has considered the character and background of Mr Hoon Tai Meng and Mr Goh Chee Wee (being long serving and who are familiar with the Group's history as well as business) and also noted that they have no relationship with the Company, its related corporations or its officers and are also independent from the executive functions of the Company as well as from the substantial shareholders of the Company.

Taking into account the views of the NC, the Board concurs that Mr Hoon Tai Meng and Mr Goh Chee Wee have continued to exercise strong independence in character and judgement in their deliberations in the interests of the Company and maintain their objectivity and independence at all times in the discharge of their duties as directors of the Company. In addition, the independence of character and judgement of Mr Hoon Tai Meng and Mr Goh Chee Wee were not in any way affected or impaired by the length of service. Furthermore, they have continued to express their individual viewpoints, debated issues and objectively scrutinised and challenged Management. They have sought clarification and amplification as they deemed required, including through direct access to Management.

CORPORATE GOVERNANCE STATEMENT

The Board is satisfied with the continued independence of character and judgement of Mr Hoon Tai Meng and Mr Goh Chee Wee and recommends that Mr Hoon Tai Meng and Mr Goh Chee Wee continue on the Board as non-executive independent directors of the Company.

The Directors consider that the Board is of the appropriate size and with the right mix of skills and experience, taking into account the nature and the scope of operations of the Group.

As a group, the Directors bring with them a broad range of expertise and experience in areas such as accounting, law, finance, business and management, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the Directors' experience allows for the useful exchange of ideas and views.

The Independent/Non-Executive Directors aim to assist in the development of proposals on strategies by constructively challenging the Management. They also review the performance of Management in meeting agreed goals and objectives and monitor the performance.

Where warranted, the Independent/Non-Executive Directors meet without the presence of Management or the Executive Directors to review any matters that must be raised privately.

Principle 3: Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate and their responsibilities are clearly defined to ensure a balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Chairman of the Board is Mr Goh Chee Wee. As Chairman of the Board, Mr Goh Chee Wee leads the Board to ensure its effectiveness on all aspects of its role, including the setting of the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues; promoting a culture of openness and debate at the Board; ensuring that the directors receive complete, adequate and timely information; ensuring effective communication with shareholders; encouraging constructive relations within the Board and between the Board and Management; facilitating effective contribution of the Independent/Non-Executive Directors and; promoting high standards of corporate governance.

The Chief Executive Officer ("CEO") of the Company is Mr Kua Ghim Siong. As CEO of the Company, Mr Kua Ghim Siong leads the management team and has full executive responsibilities for the business and operational decisions of the Group.

As the Chairman, Mr Goh Chee Wee is independent and non-executive and does not have any relationship with the executive management of the Group. There is therefore no requirement for the Company to appoint a lead independent Director.

CORPORATE GOVERNANCE STATEMENT

Principle 4: Board Membership

The NC, regulated by a set of written terms of reference, comprises Mr Lim Lian Soon, Mr Hoon Tai Meng and Mr Goh Chee Wee, all of whom are independent/Non-Executive Directors. Mr Lim Lian Soon is the Chairman of the NC.

The principal functions of the NC stipulated in its terms of reference are summarised as follows:

(a) Reviews and makes recommendations to the Board on relevant matters relating to: (i) all board appointments; (ii) board succession plans for directors, the Chairman and the CEO; (iii) process for board performance evaluation; and (iv) board training and professional development programs;

(b) Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) Reviews and determines the independence of the Board;

(d) Assesses the effectiveness of the Board and the academic and professional qualifications of each individual director; and

(e) Reviews and recommends directors retiring by rotation for re-election at each Annual General Meeting ("AGM").

In accordance with Article 107 of the Company's Articles of Association, all Directors (except for the Chief Executive Officer of the Company, which is equivalent to the position of Managing Director) shall retire from office at least once every three years by rotation. All newly appointed directors will have to retire at the next AGM following their appointments. The retiring directors are eligible to offer themselves for re-election.

The NC has reviewed the independence of each Independent Director for FY2019 in accordance with the Code's definition of independence as well as the respective director's self-declaration in the statement of director's independence.

Based on the recommendation of the NC, the Board considers Mr Goh Chee Wee and Mr Hoon Tai Meng (having served on the Board as non-executive independent directors beyond nine years) to be independent for the reasons as set out under "Principle 2: Board Composition and Guidance" above.

Where a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The Board does not prescribe a maximum number of listed company board representations which any Director with multiple board representations may hold and would review the matter on a case-by-case basis taking into account the ability and performance of each Director in his performance and discharge of duties and responsibilities.

No alternate director was appointed to the Board during the year.

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The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include (i) academic and professional qualifications; (ii) industry experience; (iii) number of directorships; (iv) relevant experience as a director; and (v) ability and effectiveness in carrying out duties and responsibilities.

The NC leads the process for board appointments and makes recommendations to the Board. The process of appointment includes:

(a) developing a framework on desired competencies and diversity on board;

(b) assessing current competencies and diversity on board;

(c) developing desired profiles of new directors;

(d) initiating search for new directors including external search, if necessary;

(e) shortlisting and interviewing potential candidates;

(f) recommending appointments to and retirements from the board; and

(g) election at general meeting.

The profiles of all Board members are set out in the section entitled "Board of Directors" which includes the date of the directors' initial appointment and last re-election and their directorships. Except as disclosed therein, there were no other directorships or chairmanships held by the Directors over the preceding three years in other listed companies.

Principle 5: Board Performance

The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole and the contribution of each individual Director. The NC is also responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

The NC sets objective performance criteria and adopts a formal system of evaluating the Board as a whole annually. These performance criteria are reviewed and approved by the Board to ensure that they allow for comparison with industry peers and address how the Board has enhanced long-term shareholder value. The assessment parameters for Board performance evaluation include evaluation of the Board's composition and conduct, Board processes and procedures, Board accountability, evaluation and succession planning. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory. Although some of the Directors have other Board representations, the NC is satisfied that these Directors are able to and have effectively carried out their duties as Directors of the Company. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance. In fact, the NC has noted that its members have contributed significantly in terms of time, effort and commitments during FY2019.

CORPORATE GOVERNANCE STATEMENT

Taking into account the results of the assessment of the effectiveness of the Board and of the individual Directors and the respective Directors' conduct on the Board, the NC is satisfied that all the Directors have adequately carried out their duties as Directors.

Principle 6: Access to Information

Prior to Board meetings and on timely basis, Management provides the Board with meetings papers and relevant information which are necessary to enable the Board to fulfil their duties and responsibilities. The Company Secretary/Management circulates copies of the minutes of the Board meetings to all members of the Board. The Board is informed of all material events and transactions as and when they occur. These include relevant information and explanatory notes on matters that are presented to the Board, such as budgets, forecasts and business models. In relation to budgets, any material variances between projections and actual results are disclosed and explained. Timely updates on developments in accounting matters, legislation, government policies and regulations affecting the Group's business operations are provided to all directors.

The Board has separate and independent access to the Management of the Company and the Company Secretary at all times.

The Company Secretary prepares meeting agendas, attends and prepares minutes of all Board and Board Committees meetings and is responsible for ensuring that Board procedures are followed and that the Articles and relevant rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board and the Board Committees and between the Management and Independent/Non-Executive Directors.

The appointment and replacement of the Company Secretary is a matter for the Board.

The Directors, in fulfilling its responsibilities, will, as a group or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice. The costs associated with such professional services will be borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC, regulated by a set of written terms of reference, comprises Mr Goh Chee Wee, Mr Hoon Tai Meng and Mr Lim Lian Soon, all of whom are Independent/Non-Executive Directors. Mr Goh Chee Wee is the Chairman of the RC.

The principal functions of the RC stipulated in its terms of reference are summarised as follows:

(a) To review and recommend to the Board a formal and transparent framework of remuneration for the Board and key management personnel, review and make remuneration recommendations, in consultation with the Chairman of the Board the specific remuneration packages for:

- Executive Director;
- Non-Executive and Non-Independent Director;

CORPORATE GOVERNANCE STATEMENT

- Independent Director;
- the key management personnel of the Group (who are not also directors or the CEO), as appropriate; and
- employees who are immediate family members of a director or CEO, as appropriate.

(b) To review the design of any long term incentive schemes for approval by the Board and shareholders and to determine whether executive directors and key management personnel should be eligible for benefits under long-term incentives schemes.

(c) To review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.

(d) To review and determine the link between remuneration paid to executive Directors and key management personnel with performance taking into account long-term and short-term incentive schemes.

(e) To review the ongoing appropriateness and relevance of the remuneration policy in place for the Officers described in (a) above.

The RC's recommendation for directors' fees had been endorsed by the Board, following which it will be tabled for shareholders' approval at the Company's AGM. No member of the RC or the Board participated in the deliberation of his own remuneration.

The RC would obtain professional advice on remuneration matters when there is a need to do so.

The Executive Directors and key management personnel have entered into service agreements/contracts of service with the Company. The service agreements/contracts of service cover the terms of employment, specifically salary, performance-based incentive/bonus and other benefits. The service agreements of the Executive Directors include terms for termination with a notice period not exceeding six months. The contracts of service of key management personnel include terms for termination with a notice period of two months.

Principle 8: Level and Mix of Remuneration

The remuneration policy of the Group seeks to reward good performance and attract, retain and motivate all employees, including Directors and key management personnel of the Company.

The RC reviews the Service Agreements of the Company's Executive Directors and the Service Contracts of key management personnel periodically, including the compensation commitments and notice period for termination to ensure that they are not excessively long. The Company has entered into separate Service Agreements with the Executive Directors, Mr Kua Ghim Siong and Mr Kua Peng Chuan.

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The Independent/Non-Executive Directors are paid Directors' fees of an agreed amount, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as efforts and time spent and their responsibilities. The fees are subject to shareholders' approval at the AGM. Except as disclosed, the Independent/Non-Executive Directors do not receive any other remuneration from the Company.

The Company has in place a policy which will enable the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company or fraud by Executive Directors or key management personnel.

Principle 9: Disclosure on Remuneration

Details of remuneration of the Directors for the financial year ended 30 June 2019 are set out below:

Name of Directors	Fixed Component	Variable Component	Directors' Fee	Total
$250,001 to $500,000				
Kua Ghim Siong[(1)]	81%	19%	–	100%
Kua Peng Chuan	78%	22%	–	100%
Below $250,000				
Kua Chee Seng[(2)]	100%	–	–	100%
Goh Chee Wee	–	–	100%	100%
Hoon Tai Meng	–	–	100%	100%
Tan Lye Heng Paul[(3)]	–	–	100%	100%
Lim Lian Soon[(4)]	–	–	100%	100%
Low Chui Heng[(5)]	–	–	100%	100%

(1) In addition, the Company has provided Mr Kua Ghim Siong with a car.
(2) Mr Kua Chee Seng ceased to be an Executive Director of the Company on 23 October 2018.
(3) Mr Tan Lye Heng Paul ceased to be a Non-Executive Independent Director of the Company on 23 October 2018.
(4) Mr Lim Lian Soon was appointed as a Non-Executive Independent Director of the Company on 30 October 2018.
(5) Mr Low Chui Heng was appointed as a Non-Executive Non-Independent Director of the Company on 30 October 2018.

Saved as disclosed above, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

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Details of remuneration of the key management personnel (who are not directors or the CEO) of the Company for the financial year ended 30 June 2019 are set out below:

Name of Key Management Personnel	Designation	Fixed Component	Variable Component	Total
Below $250,000				
Chia Hua Meng	Chief Financial Officer	100%	–	100%
Kua Chee Kok(1)	Senior Manager (Warehouse)	100%	–	100%
Kua Eng Bee(2)	Senior Manager (Sales and Marketing)	100%	–	100%

(1) Kua Chee Kok has resigned as Senior Manager, Warehouse on 16 July 2019. He is an uncle of Kua Ghim Siong and Kua Peng Chuan.

(2) Kua Eng Bee passed away on 9 May 2019. He was an uncle of Kua Ghim Siong and Kua Peng Chuan.

There were only three key management personnel (who are not directors or the CEO) whom the Company considered as top key management personnel (who are not directors or the CEO). The total remuneration in aggregate paid to the top key management personnel (who are not directors or the CEO) referred to in the foregoing paragraph as required by Guideline 9.3 was $330,000.

The Board has deliberated as regards the Code's recommendations to fully disclose the remuneration of directors and the top key management personnel (who are not directors or the CEO). The Board is of the opinion that, in view of the confidentiality and sensitivity on remuneration matters, such disclosure would not be in the best commercial interest of the Company.

There were no employees whose remuneration exceeded $50,000 for the financial year ended 30 June 2019 and who are immediate family members (who are not key management personnel) of the Directors or the CEO.

The RC has reviewed and approved the remuneration packages of the Directors and the key management personnel, having regard to their contributions as well as the financial performance of the Group and has ensured that the Directors and key management personnel are adequately but not excessively remunerated.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is mindful of its obligations to provide shareholders with a balanced assessment of the Company's performance and prospects and ensure timely disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released after the review by the Board, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods.

Management provides the Board with management accounts of the Group's performance and prospects regularly and upon request. The Management provides the Board and Board Committees with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties and responsibilities.

CORPORATE GOVERNANCE STATEMENT

Principle 11: Risk Management and Internal Controls

Management strives to maintain a sound system of internal controls to safeguard shareholders' investment in the Company and the Group's assets. The Board acknowledges that it is responsible for the overall internal control framework, and works with Management to ensure that the system of internal controls maintained by Management is sound, adequate and effective.

A system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It aims to provide reasonable, rather than absolute, assurance against material misstatement or loss, as no cost-effective internal control system would preclude all errors and irregularities. The Group's system of internal controls includes documented policies and procedures, segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business and operational processes.

The Risk Management Committee ("RMC"), which is a sub-committee of the AC, comprises Mr Kua Ghim Siong, Mr Kua Peng Chuan and Mr Chia Hua Meng. Mr Kua Ghim Siong is the Chairman of the RMC.

The principal functions of the RMC are:

- To review, formulate and make recommendations to the Management on risk matters and risk management;

- To oversee the risk management function and the Enterprise Risk Management framework.

The RMC works closely with the AC to ensure that an effective internal control and risk management system, encompassing financial, operational, compliance and information technology ("IT") controls within the Group, is in place.

The Group's Enterprise Risk Management Framework ("ERM Framework") governs the risk management process within the Group. The ERM Framework enables the identification, prioritisation, assessment, management and monitoring of key or significant risks applicable to the Group's business. The risk management process covers, inter alia, financial, operational, IT and compliance risks relevant to the Group.

The AC, with the assistance of the internal and external auditors, reviews the adequacy and effectiveness of the Group's internal control systems including financial, operational, compliance and IT controls and risk management systems.

The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:

(a) discussions with Management on risks identified;

(b) the audit processes;

(c) the review of internal and external audit plans; and

(d) the review of significant issues, if any, arising from internal and external audits.

The Board has received assurance from the CEO and the Chief Financial Officer ("CFO") that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances as well as the effectiveness of the Company's risk management and internal control systems.

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Based on (i) the Group's framework of management control, (ii) the internal control policies and procedures established and maintained by the Group, as well as (iii) the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the systems of internal controls and risk management within the Group are adequate and effective, including the financial, operational, compliance and IT controls and risk management which have been maintained by the Group's management and which were in place during the financial year ended 30 June 2019.

Principle 12: Audit Committee

The AC, regulated by a set of written terms of reference, comprises three Independent/Non-Executive Directors Mr Hoon Tai Meng, Mr Goh Chee Wee and Mr Lim Lian Soon, all of whom have the appropriate accounting experience or related financial management expertise or experience. Mr Hoon Tai Meng is the Chairman of the AC.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and the co-operation of Management and has full discretion to invite any director or executive officer to attend its meetings, and has been given adequate resources to enable it to discharge its functions.

The AC holds periodic meetings to perform the following functions:

(a) review with the external and internal auditors their audit plans, their evaluation of the relevant system of internal controls, audit report, management letter and management's response;

(b) review the annual and quarterly financial statements of the Company and the Group before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the statutory/regulatory requirements of the SGX-ST, Companies Act of Singapore and such other regulations under the laws of Singapore;

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

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

(e) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(f) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual of the SGX-ST;

(g) review any potential conflict of interests;

(h) review and approve any procedures for entering into hedging transactions;

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

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

In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC meets with the external auditors and internal auditors, in the absence of Management, at least once a year.

Where the external auditors also supply a substantial volume of non-audit services, the AC will conduct a review to satisfy that the nature and extent of such services do not prejudice the independence and objectivity of the external auditors. The AC will constantly bear in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value-for-money considerations. The external auditors have unrestricted access to the AC.

The AC reviews annually the non-audit services provided by external auditors and determines whether the provision of such services affects their independence. The breakdown of fees (audit and non-audit services) paid to auditors is set out on page 74 of the financial statements.

Having reviewed the nature and extent of non-audit services rendered by the external auditors to the Group for the year ended 30 June 2019, the AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC had therefore recommended to the Board the nomination of Messrs KPMG LLP, for re-appointment as external auditors of the Company at the forthcoming AGM. The external auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

In recommending the re-appointment of the external auditors, the AC considered and reviewed various factors including the adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations.

The Group has in place a whistle-blowing policy which provides a channel for employees of the Group to report and raise, in good faith and in confidence, their concerns, if any, about possible improprieties in financial or other matters. To facilitate independent investigation of such matters and appropriate follow-up actions, the Group's employees may raise their concerns directly to the AC members via email or at their address.

A summary of the AC's activities for the financial year ended 30 June 2019 is as follows:

(a) reviewed the financial statements of the Company and the Group before the announcement of the quarterly and full-year results;

(b) reviewed the key areas of Management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financial statements;

(c) reviewed and approved both the Group's internal auditors' and external auditors' plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, IT and compliance controls of the Group;

CORPORATE GOVERNANCE STATEMENT

(d) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;

(e) reviewed non-audit fees;

(f) reviewed the appointment of different auditors for the Group's subsidiaries;

(g) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;

(h) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues; and

(i) reviewed interested party transactions.

The AC and the Board have reviewed the appointment of different auditors for the Group's subsidiaries and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. The AC is satisfied that the Company has complied with the Listing Rules 712, 715 and 716.

No former partner or director of the Company's existing auditing firm is a member of the AC.

FINANCIAL REPORTING AND KEY AUDIT MATTER	
The following key audit matters were discussed between external auditors and management, and reviewed by the AC.	
	How the matter was addressed by the AC
Valuation of inventories	The AC considered the approach, methodology and assumptions used by management for assessing the inventory valuation including the policy relating to a write-down for slow moving and/or obsolete inventories. The AC also discussed with management and the external auditors and was of the view that the inventory valuation at lower of cost and net realisable value were reasonable.
Valuation of trade and other receivables	The AC considered the approach and methodology adopted by management under SFRS(I) 9 for assessing allowance for doubtful debts. The AC sought clarification from management on collectability of receivables which were past due. The AC also discussed with the external auditors on the valuation of the trade and other receivables and found the allowance for doubtful debts to be adequate and the valuation of the trade and other receivables to be appropriate.

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Principle 13: Internal Audit

The Group has outsourced its internal audit function to Baker Tilly TFW, an external professional firm, to perform the review and test of controls of its processes. The internal auditors report directly to the Chairman of the AC.

The AC approves the appointment, termination, evaluation and compensation of the internal auditors. The internal auditors have unfettered access to the Company's documents, records and personnel.

The AC assesses periodically the adequacy of internal control function in terms of resources needed and its appropriate standing within the Group.

The AC is assured that Baker Tilly TFW meets the standards set out by both nationally and internationally recognised professional bodies, and is satisfied that the internal auditors are qualified and experienced personnel.

The internal auditors plan their internal audit work in consultation with the AC. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. The internal auditors conducted an annual review of the effectiveness of the Group's systems of internal controls, including financial, operational and compliance risks, and reported their findings to the AC. There was no significant risk or material weakness in internal controls reported by the internal auditors to the AC for the financial year ended 30 June 2019.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Board recognises the importance of regular and timely communication with the shareholders.

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Listing Manual of the SGX-ST, it is the Board's policy that all shareholders should be equally informed, on a timely basis, of all major developments within the Group. Price-sensitive information and results are released to the public through SGXNET on a timely basis in accordance with the requirements of SGX-ST.

The Company keeps its website updated and maintains an Investor Relations section for shareholders' convenience. Announcements made through SGXNET are also posted on the Company's website.

The Company is reviewing its investor relations policy with a view to improving communication with the shareholders and will keep the shareholders informed.

Shareholders are encouraged to attend the general meetings to stay informed of the Company's strategies and goals and to ensure a high level of accountability by the Management. Notice of general meetings is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case maybe, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at general meetings.

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Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles allow each shareholder to appoint up to two proxies to attend AGMs and any other general meeting.

The Company's dividend policy seeks to balance return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The current Company's dividend policy is to distribute not less than 50% of its net profit after tax as dividends, subject to factors such as projected capital expenditure requirements, investment plans, cash balance and financial performance of the Company.

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Management regarding the Company.

The Chairmen of the Board Committees are present at the AGM and other general meetings of shareholders to assist the Board in addressing shareholders' questions. The external auditors are also present at AGM to assist the Board with enquiries relating to the conduct of the audit and the preparation and content of the auditors' report.

Shareholders have the opportunity to participate effectively and to vote at the AGM either in person or by proxy.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other issues are satisfactorily resolved. This is also subject to legislative amendment to recognise electronic voting.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the Directors or the Management questions regarding the Company and its operations. The minutes of general meetings are prepared and made available to shareholders upon their request.

To have greater transparency in the voting process, the Company has conducted the voting of all resolutions by poll at all its general meetings. Detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET.

DEALINGS IN SECURITIES

The Company has adopted an internal policy to govern the conduct of securities transactions by its directors, officers and employees. All directors, officers and employees of the Company and its subsidiaries who have access to price sensitive information are required to refrain from dealing in the Company's securities at all times as provided under the provisions of the Securities and Futures Act Chapter 289.

The Company has issued a guideline on share dealings to all directors, officers and employees setting out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on the prohibition against such dealings.

CORPORATE GOVERNANCE STATEMENT

Pursuant to the policy, the directors, officers and employees of the Company are prohibited from dealing in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the full financial year, as the case may be, and ending on the date of the announcement of the relevant announcements. The directors, officers and employees are also prohibited from dealing in the Company's shares on short-term considerations under the policy.

In addition, the Company regularly reminds the directors, officers and employees that, under the provisions of the Securities and Futures Act (Cap 289), it is an offence to deal in the Company's securities while they are in possession of unpublished, price-sensitive information.

INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that they are transacted on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of its minority shareholders.

The following interested person transactions took place between the Group and interested persons during the financial year at terms agreed by the parties concerned:

Name of Interested Person	Aggregate Value of all Interested Person Transactions During The Financial Period Under Review (Excluding Transactions Less Than $100,000 And Transactions Conducted Under Shareholders' Mandate Pursuant to Rule 920)	Aggregate Value of All Interested Person Transactions Conducted Under Shareholders' Mandate Pursuant to Rule 920 (Excluding Transactions Less Than $100,000)
	FY2019	**FY2019**
	S$'000	**S$'000**
Sales to Hong Hock Hardware Pte Ltd	140	–
Purchases from Hong Hock Hardware Pte Ltd	112	–

The AC will continue to review and monitor any interested person transaction that may arises and ensures compliance with the rules and regulations under Chapter 9 of the Singapore Exchange's Listing Manual.

MATERIAL CONTRACTS

Save for the Service Agreements entered into with Mr Kua Ghim Siong and Mr Kua Peng Chuan, which are still subsisting as at the end of FY2019, there are no material contracts involving the interests of the CEO, the directors or controlling shareholders entered into by the Group which are still subsisting as at the end of the financial year or entered into during the financial year.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2019.

In our opinion:

(a) the financial statements set out on pages 38 to 101 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International); and

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

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

DIRECTORS

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

Goh Chee Wee	(Independent Director and Chairman)
Kua Ghim Siong	(Executive Director and Chief Executive Officer)
Kua Peng Chuan	(Executive Director)
Hoon Tai Meng	(Independent Director)
Lim Lian Soon	(Independent Director, Appointed on 30 October 2018)
Low Chui Heng	(Non-Independent and Non-Executive Director, Appointed on 30 October 2018)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the 'Act'), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Holdings in the name of the director		Holdings in which the director is deemed to have an interest	
	At beginning of financial year/date of appointment	At end of financial year	At beginning of financial year/date of appointment	At end of financial year
The Company				
Ordinary shares				
Kua Peng Chuan	11,102,000	11,382,000	–	–
Hoon Tai Meng	40,000	40,000	–	–
Lim Lian Soon	43,000	43,000	–	–
Low Chui Heng	2,500,000	12,345,476	44,755,867	44,755,867

DIRECTORS' STATEMENT

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

There were no changes in the above-mentioned interests between the end of the financial year and 21 July 2019.

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

SHARE OPTION

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDIT COMMITTEE

The Audit Committee comprises three independent and non-executive directors. The members of the Audit Committee at the date of this statement are:

Hoon Tai Meng (Chairman)
Goh Chee Wee
Lim Lian Soon

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

(1) assistance provided by the Company's officers to the internal and external auditors;
(2) quarterly financial information and annual financial statements of the Company and its subsidiaries prior to their submission to the directors of the Company for adoption; and
(3) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

DIRECTORS' STATEMENT

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

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712, 715 and 716 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Kua Ghim Siong
Director

Kua Peng Chuan
Director

12 September 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
Sin Ghee Huat Corporation Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sin Ghee Huat Corporation Ltd (the 'Company') and its subsidiaries (the 'Group'), which comprise the statements of financial position of the Group and the Company as at 30 June 2019, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 101.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the 'Act') and Singapore Financial Reporting Standards (International) ('SFRS(I)s') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Valuation of inventories (Group: S\$49,883,000; Company: S\$37,074,000) (Refer to Note 9 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
Inventories contribute to 55% and 41% of the Group's and Company's total assets respectively. The write-down of inventories to the lower of cost and net realisable value is based on the age of these inventories, prevailing market conditions in stainless steel industry and historical provisioning experience, which requires management judgement and significant estimates. This process is carried out by the management and approved by the Audit Committee and the Board of Directors.	We evaluated the appropriateness of the management's policy relating to the write down for slow moving and/or obsolete inventories. We also selected samples to test if inventories were recorded at the lower of their cost and net realisable value by checking to the latest transaction prices. We also observed the inventories' condition during inventory counts for samples selected. Based on procedures performed, we found the resulting estimates to be reasonable.

Valuation of trade and other receivables (Group: S\$15,742,000; Company: S\$23,212,000) (Refer to Note 10 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
Trade and other receivables represent 17% and 26% of the Group's and Company's total assets as at 30 June 2019. Any significant impairment of trade and other receivables could have a material impact on the results. In accordance with SFRS(I) 9 *Financial Instruments*, the Group is required to recognise loss allowances on expected credit losses (ECL) on financial assets. The estimate of impairment loss requires significant judgement and estimates to determine whether the financial asset is credit impaired, which includes the development of ECL model, analysis of the age of these receivables, credit-worthiness of the customers, collection patterns and the historical default rates. The estimation of impairment loss is performed by the management and approved by the Audit Committee and the Board of Directors.	We reviewed and assessed the appropriateness of the assumptions and inputs of the ECL model by considering historical, current and forecast information. We selected samples to test the ageing of receivable balances. We challenged management as to the recoverability of the significant long outstanding amounts, by reviewing and checking the historical payment records and credit risk assessment of each customer made by management. We also assessed whether disclosures in respect of the credit risk of trade and other receivables are adequate. Based on procedures performed, we found the estimates to be reasonable and the disclosures to be appropriate.

INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Tan Yek Lee Doreen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
12 September 2019

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Group			Company		
		30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000	30 June 2019 $'000	30 June 2018 $'000	1 July 2017 $'000
Non-current assets							
Property, plant and equipment	4	**8,663**	6,546	7,651	**8,538**	6,322	7,322
Investment in subsidiaries	5	**–**	–	–	**6,524**	6,276	6,666
Investment in joint venture	6	**–**	–	–	**50**	50	50
Trade and other receivables	10	**1,334**	–	–	**7,491**	–	–
Other financial assets	7	**–**	1,001	2,038	**–**	1,001	2,038
Deferred tax assets	8	**329**	302	303	**244**	233	217
		10,326	7,849	9,992	**22,847**	13,882	16,293
Current assets							
Inventories	9	**49,883**	41,019	36,865	**37,074**	28,560	27,253
Trade and other receivables	10	**14,408**	14,399	10,233	**15,721**	19,845	15,839
Other financial assets	7	**1,001**	–	1,000	**1,001**	–	1,000
Current tax recoverables		**–**	–	15	**–**	–	17
Cash and cash equivalents	11	**15,101**	26,274	29,737	**13,521**	24,508	26,929
		80,393	81,692	77,850	**67,317**	72,913	71,038
Total assets		**90,719**	89,541	87,842	**90,164**	86,795	87,331
Equity attributable to equity holders of the Company							
Share capital	12	**45,750**	45,750	45,750	**45,750**	45,750	45,750
Reserves	13	**(37)**	20	–	**–**	–	–
Retained earnings		**39,991**	38,462	38,874	**40,141**	38,712	39,261
Total equity		**85,704**	84,232	84,624	**85,891**	84,462	85,011
Current liabilities							
Trade and other payables	14	**4,483**	3,130	2,769	**3,751**	2,159	2,320
Borrowings	15	**–**	2,004	449	**–**	–	–
Current tax liabilities		**532**	175	–	**522**	174	–
		5,015	5,309	3,218	**4,273**	2,333	2,320
Total liabilities		**5,015**	5,309	3,218	**4,273**	2,333	2,320
Total equity and liabilities		**90,719**	89,541	87,842	**90,164**	86,795	87,331

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Revenue	16	**49,856**	37,687
Cost of sales		**(37,793)**	(29,052)
Gross profit		**12,063**	8,635
Other operating income	17	**158**	214
Distribution costs		**(5,844)**	(5,341)
Administrative expenses		**(3,433)**	(3,122)
Impairment loss on trade and other receivables		**(237)**	(163)
Other operating expenses		**(14)**	(271)
Results from operating activities		**2,693**	(48)
Finance income	18	**246**	320
Finance cost	18	**(38)**	(48)
Share of loss of joint venture		**–**	(26)
Profit before tax	19	**2,901**	198
Tax expense	20	**(506)**	(166)
Profit for the year (attributable to equity holders of the Company)		**2,395**	32
Earnings per share	21		
Basic (cents)		**1.08**	0.01
Diluted (cents)		**1.08**	0.01

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2019

	2019 $'000	2018 $'000
Profit for the year	**2,395**	32
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences arising from consolidation	**(57)**	20
Total comprehensive income for the year	**2,338**	52
Attributable to:		
Equity holders of the Company	**2,338**	52
Total comprehensive income for the year	**2,338**	52

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2019

	Note	Share capital $'000	Revaluation reserve $'000	Currency translation reserve $'000	Retained earnings $'000	Total attributable to equity holders of the Company $'000
Group						
At 1 July 2017		45,750	–	–	38,874	84,624
Profit for the year		–	–	–	32	32
Other comprehensive income						
Foreign currency translation difference		–	–	20	–	20
Total comprehensive income for the year		–	–	20	32	52
Transactions with owners of the Company, recognised directly in equity						
Dividends paid to owners of the Company		–	–	–	(444)	(444)
Total transactions with owners of the Company		–	–	–	(444)	(444)
At 30 June 2018		45,750	–	20	38,462	84,232
At 1 July 2018		45,750	–	20	38,462	84,232
Adjustment on initial application SFRS(I) 9 (net of tax)	29B(ii)	–	–	–	(200)	(200)
Adjusted balance at 1 July 2018		45,750	–	20	38,262	84,032
Profit for the year		–	–	–	2,395	2,395
Other comprehensive income						
Foreign currency translation difference		–	–	(57)	–	(57)
Total comprehensive income for the year		–	–	(57)	2,395	2,338
Transactions with owners of the Company, recognised directly in equity						
Dividends paid to owners of the Company		–	–	–	(666)	(666)
Total transactions with owners of the Company		–	–	–	(666)	(666)
At 30 June 2019		**45,750**	**–**	**(37)**	**39,991**	**85,704**

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

CONSOLIDATED STATEMENT OF CASH FLOW

YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit for the year		**2,395**	32
Adjustments for:			
Depreciation of property, plant and equipment	19	**886**	1,168
Loss on sale of property, plant and equipment	19	**14**	–
Finance income	18	**(246)**	(320)
Finance cost	18	**38**	48
Share of loss of joint venture	6	**–**	26
Tax expense	20	**506**	166
		3,593	1,120
Changes in:			
Trade and other receivables		**(1,543)**	(4,166)
Trade and other payables		**1,353**	335
Inventories		**(8,864)**	(4,154)
Net cash used in operations		**(5,461)**	(6,865)
Tax (paid)/refund		**(176)**	25
Net cash used in operating activities		**(5,637)**	(6,840)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**3**	–
Acquisition of property, plant and equipment		**(3,020)**	(63)
Proceeds from redemption of debt securities		**–**	2,000
Interest received		**246**	320
Net cash (used in)/from investing activities		**(2,771)**	2,257
Cash flows from financing activities			
Dividends paid	25	**(666)**	(444)
Interest paid	15	**(38)**	(11)
Proceeds from borrowings	15	**1,556**	2,820
Repayment of borrowings	15	**(3,560)**	(1,265)
Net cash (used in)/from financing activities		**(2,708)**	1,100
Net decrease in cash and cash equivalents		**(11,116)**	(3,483)
Cash and cash equivalents at beginning of year		**26,274**	29,737
Effect of exchange rate fluctuations on cash held		**(57)**	20
Cash and cash equivalents at end of year	11	**15,101**	26,274

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 September 2019.

1 DOMICILE AND ACTIVITIES

Sin Ghee Huat Corporation Ltd (the 'Company') is incorporated in the Republic of Singapore and has its registered office at 32 Penhas Road, #01-01, Singapore 208191.

The principal activities of the Company relate to stockholding and sale of stainless steel products and investment holding. The principal activities of the subsidiaries are disclosed in note 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiary corporations (together referred to as the 'Group') and the Group's interest in equity-accounted investees.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRSs). An explanation of how the transition to SFRS(I)s and application of SFRS(I) 9 have affected the reported financial position and financial performance is provided in note 29.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – Recoverability of investment in subsidiaries
- Note 9 – Assessment of net realisable value of inventories
- Note 26 – Impairment of trade and other receivables

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 July 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest (‘NCI’) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Business combinations (Continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in joint ventures (equity-accounted investees)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (‘OCI’) of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee’s operations or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions within equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries and joint ventures in the separate financial statements

Investments in subsidiaries and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currencies (Continued)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rate at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets – Policy applicable from 1 July 2018 (Continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from 1 July 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 July 2018

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 July 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets – Policy applicable before 1 July 2018

The Group has the following non-derivative financial assets: held-to-maturity financial assets, and cash and cash equivalents and loans and receivables.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 July 2018

Held-to-maturity financial assets

If the Group had the positive intent and ability to hold debt investments to maturity, then such financial assets were classified as held-to-maturity. Held-to-maturity financial assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets were measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprised debt investments.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised borrowings and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent cost

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

(iii) Depreciation

Depreciation is based on the costs of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

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

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

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

Freehold premises	50 years
Leasehold properties	18 to 23 years
Furniture, fixture and fittings	5 and 10 years
Motor vehicles	5 years
Plant and machinery	5 years
Office equipment	2 to 10 years

(iv) Subsequent expenditure

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

(v) Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expense in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

3.6 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 July 2018

The Group recognises loss allowances for expected credit loss (ECLs) on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Policy applicable from 1 July 2018 (Continued)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Policy applicable from 1 July 2018 (Continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 July 2018

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Policy applicable before 1 July 2018 (Continued)

Loans and receivables and held-to-maturity investment securities

The Group considered evidence of impairment for loans and receivables and held-to-maturity investment securities at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.6(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (Continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, except deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.7 Employee's benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss as incurred.

Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Employee's benefits (Continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.8 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risk specific to the liability.

3.9 Revenue recognition

Sale of goods

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated on the basis of the relative standalone selling prices of the promised goods in accordance with the sales contract. A discount or variable consideration, if applicable, is allocated to one or more, but not all, of the performance obligations if it relates specifically those performance obligations.

3.10 Finance income and cost

Finance income comprises interest income on other financial assets and deposits with financial institutions. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise amortisation of bond premium and interest on borrowings. Interest expense is recognised using the effective interest method.

3.11 Government grants

Government grants are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Operating lease

Lease of office equipment and warehouse where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

When an operating lease is terminated before the lease term has expired, any payments required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

3.13 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax expense (Continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

3.14 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

3.16 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 30.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold premises $'000	Leasehold properties $'000	Furniture, fixtures and fittings $'000	Office equipment $'000	Motor vehicles $'000	Plant and machinery $'000	Construction in progress $'000	Total $'000
Group								
Cost or deemed cost								
At 1 July 2017	5,010	5,635	1,661	1,190	1,252	1,465	–	16,213
Additions	–	–	6	41	6	10	–	63
Write-off	–	–	(1)	(103)	–	–	–	(104)
At 30 June 2018	5,010	5,635	1,666	1,128	1,258	1,475	–	16,172
Additions	–	–	38	4	55	6	2,917	3,020
Disposals	–	–	(36)	(43)	–	(1)	–	(80)
At 30 June 2019	**5,010**	**5,635**	**1,668**	**1,089**	**1,313**	**1,480**	**2,917**	**19,112**
Accumulated depreciation								
At 1 July 2017	–	4,359	1,322	739	1,080	1,062	–	8,562
Depreciation charge	152	534	68	142	90	182	–	1,168
Write-off	–	–	(1)	(103)	–	–	–	(104)
At 30 June 2018	152	4,893	1,389	778	1,170	1,244	–	9,626
Depreciation charge	156	319	64	118	81	148	–	886
Disposals	–	–	(32)	(30)	–	(1)	–	(63)
At 30 June 2019	**308**	**5,212**	**1,421**	**866**	**1,251**	**1,391**	**–**	**10,449**
Carrying amounts								
At 1 July 2017	5,010	1,276	339	451	172	403	–	7,651
At 30 June 2018	4,858	742	277	350	88	231	–	6,546
At 30 June 2019	**4,702**	**423**	**247**	**223**	**62**	**89**	**2,917**	**8,663**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold premises $'000	Leasehold properties $'000	Furniture, fixtures and fittings $'000	Office equipment $'000	Motor vehicles $'000	Plant and machinery $'000	Construction in progress $'000	Total $'000
Company								
Cost or deemed cost								
At 1 July 2017	5,010	5,635	1,279	1,068	1,216	1,027	–	15,235
Additions	–	–	5	38	6	10	–	59
Write-off	–	–	(1)	(103)	–	–	–	(104)
At 30 June 2018	5,010	5,635	1,283	1,003	1,222	1,037	–	15,190
Additions	–	–	38	4	55	4	2,917	3,018
Disposals	–	–	(30)	(35)	–	(1)	–	(66)
At 30 June 2019	**5,010**	**5,635**	**1,291**	**972**	**1,277**	**1,040**	**2,917**	**18,142**
Accumulated depreciation								
At 1 July 2017	–	4,359	1,061	680	1,043	770	–	7,913
Depreciation charge	152	534	44	121	89	119	–	1,059
Write-off	–	–	(1)	(103)	–	–	–	(104)
At 30 June 2018	152	4,893	1,104	698	1,132	889	–	8,868
Depreciation charge	156	319	39	103	81	89	–	787
Disposals	–	–	(27)	(23)	–	(1)	–	(51)
At 30 June 2019	**308**	**5,212**	**1,116**	**778**	**1,213**	**977**	**–**	**9,604**
Carrying amounts								
At 1 July 2017	5,010	1,276	218	388	173	257	–	7,322
At 30 June 2018	4,858	742	179	305	90	148	–	6,322
At 30 June 2019	**4,702**	**423**	**175**	**194**	**64**	**63**	**2,917**	**8,538**

The Company's leasehold properties are located at 62 Tuas Basin Link and 32 Gul Crescent, Singapore.

5 INVESTMENT IN SUBSIDIARIES

	Company		
	2019 $'000	2018 $'000	1 July 2017 $'000
Equity investments at cost	**8,000**	8,000	8,000
Allowance for impairment loss	**(1,476)**	(1,724)	(1,334)
	6,524	6,276	6,666

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

5 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity held by the Group		
			2019 %	2018 %	1 July 2017 %
Held by the Company					
SG Metals Pte. Ltd.(1)	Stockholding and sales of stainless steel products	Singapore	**100**	100	100
SG Specialty Metals Pte. Ltd.(1)	Stockholding and sales of specialty metal products	Singapore	**100**	100	100
Held by a Subsidiary					
SG Metals (Suzhou) Ltd(2)	Stockholding and sales of stainless steel products	People's Republic of China	**100**	100	100

(1) Audited by KPMG LLP Singapore.

(2) Audited by Suzhou Mingcheng CPAs. Co. Ltd., Certified Public Accountants, PRC.

Impairment of investment in subsidiaries

Significant judgement is required in determining the impairment of these subsidiaries at each reporting date and this requires the management to make estimates and assumptions that affect the financial statements.

Management is required to exercise judgement in determining whether there is objective evidence that an impairment loss has occurred.

Management has performed an impairment review to assess the recoverable amounts of subsidiaries. The estimate of the recoverable amounts of the investments have been determined by management mainly based on the net asset value of the subsidiaries as at 30 June 2019, which approximates the recoverable amount of the investment in the subsidiaries. Net asset of the subsidiary comprises mainly inventories, receivables and payables.

Impairment loss recognised for the year ended 30 June 2019 was $327,000 (2018: $519,000) due to deterioration in the financial position of the subsidiaries. Due to recovery of performance of another subsidiary, $575,000 (2018: $129,000) of impairment losses has been written back during the year.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

6 INVESTMENT IN JOINT VENTURE

First Break SG Metals 2015 Limited (FBSGM) is an unlisted joint arrangement in which the Group has joint control via an investors' agreement and 50% (2018: 50%; 1 July 2017: 50%) ownership interest. FBSGM is structured as a separate vehicle and the Group has residual interest in its net assets. Accordingly, the Group has established its interest in this entity as a joint venture which is equity accounted.

	Group		
	2019	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Group's interest in net assets of investee at beginning of the year	**–**	26	84
Group's share of:			
– loss from continuing operations	**–**	(26)	(58)
– total comprehensive income	**–**	(26)	(58)
Group's interest in net assets of investee at end of the year	**–**	–	26
Elimination of unrealised profit on downstream sales	**–**	–	(26)
Carrying amount of interest in investee at end of the year	**–**	–	–

	Company		
	2019	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**
Unquoted shares, at cost	**50**	50	50

Information relating to the joint venture company is set out below:

Name of Company	Principal activity	Country of incorporation and place of business	% of paid-up capital held		
			2019	**2018**	**1 July 2017**
			%	**%**	**%**
First Break SG Metals 2015 Limited	Trading of stainless steel products	New Zealand	**50**	50	50

The Group has not recognised losses and other comprehensive income totalling $110,000 (2018: $92,000; 1 July 2017: $nil) in relation to its interests in the joint venture.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

7 OTHER FINANCIAL ASSETS

	Group and Company		
	2019	2018	1 July 2017
	$'000	$'000	$'000
Held-to-maturity (debt securities)			
– Non-current	**–**	1,001	2,038
– Current	**–**	–	1,000
	–	1,001	3,038
Amortised cost (debt securities)			
– Current	**1,001**	–	–

The current debt securities bear interests at 4.25% (2018: 4.25%; 1 July 2017: 4.25%) per annum and will mature on 30 October 2019 (2018: 30 October 2019; 1 July 2017: 30 October 2019 to 13 September 2022).

The Group's and Company's exposure to interest rate risk and fair value information related to other financial assets are disclosed in notes 26 and 27 respectively.

8 DEFERRED TAX

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	At 1 July 2017 $'000	Recognised in income statement (Note 20) $'000	At 30 June 2018 $'000	Recognised in income statement (Note 20) $'000	At 30 June 2019 $'000
Group					
Deferred tax liability					
Property, plant and equipment	(182)	51	(131)	40	**(91)**
Deferred tax assets					
Inventories	345	72	417	(14)	**403**
Provision for unutilised leave	17	(1)	16	1	**17**
Tax losses	123	(123)	–	–	**–**
	303	(1)	302	27	**329**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

8 DEFERRED TAX (CONTINUED)

	At 1 July 2017 $'000	Recognised in income statement (Note 20) $'000	At 30 June 2018 $'000	Recognised in income statement (Note 20) $'000	At 30 June 2019 $'000
Company					
Deferred tax liability					
Property, plant and equipment	(159)	46	(113)	42	**(71)**
Deferred tax assets					
Inventories	246	84	330	(29)	**301**
Provision for unutilised leave	17	(1)	16	(2)	**14**
Tax losses	113	(113)	–	–	**–**
	217	16	233	11	**244**

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Deferred tax assets	**420**	433	485	**315**	346	376
Deferred tax liabilities	**(91)**	(131)	(182)	**(71)**	(113)	(159)
Net deferred tax assets	**329**	302	303	**244**	233	217

Unrecognised deferred tax assets

The following temporary differences have not been recognised:

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Tax losses	**1,553**	1,828	1,818

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

8 DEFERRED TAX (CONTINUED)

As at 30 June 2019, the Group has tax losses which are available for set-off against future profits subject to tax laws and regulations prevailing in the domicile of a subsidiary and agreement by the tax authority. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

9 INVENTORIES

	Group			Company		
	2019	**2018**	**1 July 2017**	**2019**	**2018**	**1 July 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Inventories	**47,587**	38,702	36,461	**34,980**	26,854	26,946
Goods-in-transit	**2,296**	2,317	404	**2,094**	1,706	307
	49,883	41,019	36,865	**37,074**	28,560	27,253
Represented by:						
Inventories carried at:						
– Cost	**48,457**	38,369	33,936	**36,181**	27,103	25,391
– Net realisable value	**1,426**	2,650	2,929	**893**	1,457	1,862
	49,883	41,019	36,865	**37,074**	28,560	27,253

In 2019, the write-down of inventories to net realisable value (NRV) amounted to $87,000 (2018: $1,121,000) for the Group and $nil (2018: $543,000) for the Company.

The reversal of write-downs by the Group and the Company during the year amounted to $312,000 and $234,000 respectively (2018: $nil) due to inventories being sold or expected to be sold above the carrying amounts during the year.

Inventories sold during the year amounting to $37,898,000 (2018: $27,830,000) were included in cost of sales.

Assessment of net realisable value of inventories

Where necessary, allowance for inventory obsolescence is set up for estimated losses which may result from obsolete or slow moving inventories held. The Group estimates the level of allowance based on prevailing market conditions, inventory ageing and historical provisioning experience. The required level of allowance could change significantly as a result of changes in market conditions.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2019

10 TRADE AND OTHER RECEIVABLES

	Group			Company		
	2019 $'000	**2018 $'000**	**1 July 2017 $'000**	**2019 $'000**	**2018 $'000**	**1 July 2017 $'000**
Trade receivables						
– subsidiaries	**–**	–	–	**1,923**	975	601
– joint venture (current)	**696**	1,377	1,173	**629**	1,361	1,172
– joint venture (non-current)	**1,334**	–	–	**1,334**	–	–
– affiliated company	**1**	–	–	**1**	–	–
– third parties	**12,365**	11,226	8,277	**10,624**	10,096	7,340
	14,396	12,603	9,450	**14,511**	12,432	9,113
Impairment losses	**(569)**	(222)	(117)	**(535)**	(222)	(117)
Net trade receivables	**13,827**	12,381	9,333	**13,976**	12,210	8,996
Amounts due from subsidiaries						
– non-trade	**–**	–	–	**262**	195	136
– loan (current)	**–**	–	–	**994**	5,941	5,959
– loan (non-current)	**–**	–	–	**6,157**	–	–
Sundry deposits	**340**	83	170	**328**	16	12
Other receivables	**65**	62	69	**22**	50	110
Loans and receivables	**14,232**	12,526	9,572	**21,739**	18,412	15,213
GST recoverables	**148**	220	–	**148**	75	–
Prepayments	**1,362**	1,653	661	**1,325**	1,358	626
	15,742	14,399	10,233	**23,212**	19,845	15,839
Represented by:						
– Current	**14,408**	14,399	10,233	**15,721**	19,845	15,839
– Non-current	**1,334**	–	–	**7,491**	–	–
	15,742	14,399	10,233	**23,212**	19,845	15,839

Amounts due from subsidiaries

The current loans due from subsidiaries are unsecured, bear interest at 1% (2018: 1%; 1 July 2017: 1%) per annum and are repayable on demand without fixed repayment terms.

The non-current loan due from a subsidiary is unsecured, bears interest at 1% per annum and has no fixed terms of repayment. The amount has been reclassified from current to non-current during the year due to the change in intention by the Company. The settlement of the loan is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

Non-trade balances due from subsidiaries are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

11 CASH AND CASH EQUIVALENTS

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Cash and bank balances	**8,101**	9,274	14,737	**6,521**	7,508	11,929
Short-term bank deposits	**7,000**	17,000	15,000	**7,000**	17,000	15,000
	15,101	26,274	29,737	**13,521**	24,508	26,929

The effective interest rates of short-term bank deposits and cash at banks as at 30 June 2019 were 0.05% to 1.90% (2018: 0.05% to 1.60%; 1 July 2017: 0.05% to 1.25%) per annum.

12 SHARE CAPITAL

	Company		
	2019 Number of shares '000	2018 Number of shares '000	1 July 2017 Number of shares '000
Issued and fully paid, with no par value			
At 1 July and 30 June	**222,000**	222,000	222,000

The holders of ordinary shares are entitled to receive dividends as declared by the Company from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital and retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

13 RESERVES

	Group		
	2019 $'000	2018 $'000	1 July 2017 $'000
Currency translation reserve	**(37)**	20	–

Currency translation reserve

The currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

14 TRADE AND OTHER PAYABLES

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Trade payables	**2,942**	2,484	1,977	**2,483**	1,677	1,676
Accruals	**1,107**	553	629	**1,001**	474	546
Other payables	**346**	23	128	**267**	8	98
Deferred income	**88**	70	35	**–**	–	–
	4,483	3,130	2,769	**3,751**	2,159	2,320

15 BORROWINGS

Borrowings comprise short-term invoice financing loans from a bank which were unsecured and had effective interest rates ranging from 3.76% to 4.39% (2018: 3.88% to 3.98%; 1 July 2017: 2.75% to 2.82%) per annum. The borrowings were fully settled during the year.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	Equity	
	Borrowings $'000	Retained earnings $'000	Total $'000
Balance as at 1 July 2017	449	38,874	39,323
Changes from financing cash flows			
Repayment of borrowings	(1,265)	–	(1,265)
Proceeds from borrowings	2,820	–	2,820
Dividend paid	–	(444)	(444)
Interest paid	(11)	–	(11)
Total changes from financing cash flows	1,544	(444)	1,100
Other changes			
Liability-related			
Interest expense	11	–	11
Total liability-related other changes	11	–	11
Total equity-related other changes	–	32	32
Balance at 30 June 2018	2,004	38,462	40,466

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

15 BORROWINGS (CONTINUED)

	Liabilities	Equity	
	Borrowings $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2018	2,004	38,262	40,266
Changes from financing cash flows			
Repayment of borrowings	(3,560)	–	(3,560)
Proceeds from borrowings	1,556	–	1,556
Dividend paid	–	(666)	(666)
Interest paid	(38)	–	(38)
Total changes from financing cash flows	(2,042)	(666)	(2,708)
Other changes			
Liability-related			
Interest expense	38	–	38
Total liability-related other changes	38	–	38
Total equity-related other changes	–	2,395	2,395
Balance at 30 June 2019	**–**	**39,991**	**39,991**

16 REVENUE

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies:

Nature of goods or services	Sale of stainless and specialty steel products.
When revenue is recognised	Revenue is recognised at point in time when goods are delivered to the customers and all criteria for acceptance have been satisfied.
Significant payment terms	Payment is due when goods are delivered to the customers or on agreed payment terms ranging from 30 to 90 days whichever is applicable.
Obligations for returns and refunds, if any	Goods sold are not returnable or refundable except for defective goods pursuant to terms of sales contract.
Obligations for warranties	Warranty if any is subject to the terms expressly stipulated in the sales contract and limited to replacement of defective goods.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

16 REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, customers' industries segments, major product and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 28).

	Customers' industries segments				
	Marine and shipbuilding $'000	Oil, gas and petrochemical $'000	Engineering and construction $'000	Trading and others $'000	Total $'000
2019					
Primary geographical markets					
Singapore	**4,892**	**5,486**	**5,519**	**7,262**	**23,159**
Indonesia	**79**	**103**	**8,357**	**838**	**9,377**
China	**73**	**357**	**4,790**	**309**	**5,529**
Other ASEAN countries	**467**	**2,735**	**359**	**4,360**	**7,921**
Others*	**–**	**343**	**–**	**3,527**	**3,870**
Total	**5,511**	**9,024**	**19,025**	**16,296**	**49,856**
2018					
Primary geographical markets					
Singapore	3,597	4,589	4,674	7,239	20,099
Indonesia	56	468	5,442	528	6,494
China	21	196	1,927	418	2,562
Other ASEAN countries	160	1,725	302	3,580	5,767
Others*	–	171	58	2,536	2,765
Total	3,834	7,149	12,403	14,301	37,687

Others* mainly include Australia, New Zealand, India, South America and Middle East.

Transaction price allocated to remaining performance obligation

The Group applies the practical expedient in paragraph 121 of SFRS (I) 15 and does not disclose information about its remaining obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less;
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

Estimated amounts of consideration which are variable in nature are not included in the disclosure of transaction price allocated to the remaining performance obligations.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

17 OTHER OPERATING INCOME

	Group	
	2019	**2018**
	$'000	**$'000**
Foreign currency exchange gain, net	**8**	–
Bad debts recovered	**73**	35
Government grants	**20**	46
Sundry income	**57**	133
	158	214

Government grants mainly related to subsidies for staff employment.

18 FINANCE INCOME AND COST

	Group	
	2019	**2018**
	$'000	**$'000**
Interest income:		
– deposits with financial institutions	**203**	268
– other financial assets	**43**	52
Finance income	**246**	320
Amortisation of premium on debt securities	**–**	(37)
Interest expense on invoice financing loans	**(38)**	(11)
Finance cost	**(38)**	(48)
Net finance income recognised in profit or loss	**208**	272

19 PROFIT BEFORE TAX

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

		Group	
	Note	**2019**	**2018**
		$'000	**$'000**
Auditors' remuneration:			
– Auditors of the Company		**(110)**	(105)
– Other auditors		**(1)**	(1)
Non-audit fees:			
– Auditors of the Company		**(20)**	–
– Other auditors		**(15)**	(20)
Depreciation of property, plant and equipment	4	**(886)**	(1,168)
Loss on sale of property, plant and equipment		**(14)**	–
Foreign exchange gain/(loss)		**8**	(271)
Directors' fees	23	**(166)**	(151)
Operating lease expenses in respect of leasehold premises		**(894)**	(563)
Operating lease expenses in respect of office and warehouse equipment		**(42)**	(17)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

20 TAX EXPENSE

	Group	
	2019	**2018**
	$'000	**$'000**
Current tax expense		
Current year	**532**	195
Under/(Over) provision in prior years	**1**	(30)
	533	165
Deferred tax credit		
Movements in temporary differences	**(27)**	1
	(27)	1
Tax expense	**506**	166

Reconciliation of effective tax rate

	2019	2018
Profit before tax	**2,901**	198
Tax using Singapore tax rate of 17% (2018: 17%)	**493**	34
Effect on different tax rates in foreign jurisdictions	**(7)**	4
Non-deductible expenses	**240**	384
Non-taxable income/tax exempt income/rebate/incentives	**(168)**	(80)
Under/(Over) provision in prior years	**1**	(30)
Unutilised tax losses from prior year	**(62)**	(123)
Others	**9**	(23)
	506	166

21 EARNINGS PER SHARE

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

	Group	
	2019	**2018**
Net profit attributable to equity holders of the Company ($'000)	**2,395**	32
Weighted average number of ordinary shares in issue ('000)	**222,000**	222,000
Basic and diluted earnings per share (cents)	**1.08**	0.01

There were no dilutive potential ordinary shares in issue during the year.

NOTES TO THE
FINANCIAL STATEMENTS
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22 STAFF COSTS

	Group	
	2019	2018
	$'000	$'000
Salaries, bonuses and other costs	**4,883**	4,433
Central Provident Fund and other defined contributions	**636**	549
	5,519	4,982

23 RELATED PARTY TRANSACTIONS

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The directors and the senior management team of the Group are considered as key management personnel of the Group.

	Group	
	2019	2018
	$'000	$'000
Key management personnel compensation:		
– Salaries, bonuses and other short-term employee benefits	**962**	995
– Central provident fund and other defined contributions	**70**	59
– Directors' fees	**166**	151
	1,198	1,205
Comprising		
– Directors of the Company	**868**	734
– Other key management personnel	**330**	471
	1,198	1,205

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

	Group and Company	
	2019	2018
	$'000	$'000
Immediate family members of the directors or substantial shareholders:		
– Salaries, bonuses and other short-term employee benefits	**73**	196
– Central provident fund and other defined contributions	**8**	17
	81	213

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

23 RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Sales to subsidiaries	**–**	–	**(854)**	(592)
Purchases from subsidiaries	**–**	–	**2,193**	2,012
Sales to affiliated company	**(140)**	(1)	**(140)**	(1)
Purchases from affiliated company	**112**	14	**112**	14
Sales to joint venture	**(940)**	(864)	**(584)**	(864)
Interest income on loans to subsidiaries	**–**	–	**(67)**	(59)

24 COMMITMENTS

Operating lease commitments

The Group's and the Company's non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Payables:				
Within one year	**723**	334	**432**	252
After one year but not more than five years	**978**	766	**978**	694
After five years	**5,861**	1,714	**5,861**	1,714
	7,562	2,814	**7,271**	2,660

These lease commitments relate to warehouse premises and office equipment. The terms of the operating lease commitments range from 1 year to 32 years (2018: 1 year to 23 years).

Capital commitments

The Group has capital commitment in respect of property, plant and equipment of $6,973,000 (2018: $nil).

25 DIVIDENDS

	Group and Company	
	2019	**2018**
	$'000	**$'000**
Final dividend (one-tier tax exempt) paid in respect of prior years	**666**	444

NOTES TO THE FINANCIAL STATEMENTS
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25 DIVIDENDS (CONTINUED)

During the year ended 30 June 2019, the Group declared and paid a final one-tier tax exempt dividend of 0.3 cents (2018: 0.2 cents) per ordinary share in respect of the year ended 30 June 2018.

Subsequent to the year ended 30 June 2019, the directors proposed a final one-tier tax exempt dividend of 0.6 cents per ordinary share in respect of the year ended 30 June 2019, amounting to $1,332,000 (2018: $666,000) to be paid to the shareholders of the Company, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company on 18 October 2019. This dividend has not been provided for in the financial statements.

26 FINANCIAL INSTRUMENTS

Overview

The Group has exposure to the following risks from its use of financial instruments:

- foreign currency risk
- interest rate risk
- credit risk
- liquidity risk

The Group has adopted risk management policies that seek to mitigate these risks in a cost-effective manner.

Foreign currency risk

Foreign currency risk arises from a change in foreign currency exchange rate, which is expected to have an adverse effect on the Group in the current and future reporting period.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group's entities, primarily the Singapore dollar ('SGD'). The currencies in which these transactions primarily are denominated are SGD, United States dollar ('USD'), Euro ('EUR') and Renminbi ('RMB').

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Foreign currency risk (Continued)

The risk management policy of the Group is to consider hedging for foreign exchange transactions based on the total foreign exchange exposure at the end of each month. The Group also holds cash and cash equivalents denominated in USD for working capital purposes. The Group's assets and liabilities denominated in a currency other than the functional currencies of the Group's entities are as follows:

	Group			Company	
	USD $'000	EUR $'000	RMB $'000	USD $'000	EUR $'000
30 June 2019					
Assets					
Cash and cash equivalents	**3,425**	**74**	**30**	**2,952**	**74**
Trade and other receivables	**7,881**	**79**	**681**	**7,076**	**79**
Amount due from subsidiaries	**–**	**–**	**–**	**876**	**–**
	11,306	**153**	**711**	**10,904**	**153**
Liabilities					
Trade and other payables	**(3,068)**	**(548)**	**(94)**	**(2,792)**	**(548)**
Net currency exposure	**8,238**	**(395)**	**617**	**8,112**	**(395)**
30 June 2018					
Assets					
Cash and cash equivalents	3,082	1	110	2,154	1
Trade and other receivables	7,174	234	575	6,776	234
Amount due from subsidiaries	–	–	–	784	–
	10,256	235	685	9,714	235
Liabilities					
Trade and other payables	(1,797)	(167)	(35)	(1,028)	(144)
Borrowings	(2,004)	–	–	–	–
Net currency exposure	6,455	68	650	8,686	91
1 July 2017					
Assets					
Cash and cash equivalents	3,805	437	198	2,985	437
Trade and other receivables	4,246	–	207	3,840	–
Amount due from subsidiaries	–	–	–	706	–
	8,051	437	405	7,531	437
Liabilities					
Trade and other payables	(698)	(1,127)	(30)	(440)	(1,096)
Borrowings	(449)	–	–	–	–
Net currency exposure	6,904	(690)	375	7,091	(659)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Sensitivity analysis

A 10% (2018: 10%) strengthening of the Singapore dollar, as indicated below, against the USD, EUR and RMB at 30 June would have increased/(decreased) profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2018, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Group Profit/(Loss) $'000	Company Profit/(Loss) $'000
30 June 2019		
USD	**(824)**	**(811)**
EUR	**40**	**40**
RMB	**(62)**	**–**
30 June 2018		
USD	(646)	(869)
EUR	(7)	(9)
RMB	(65)	–
1 July 2017		
USD	(690)	(709)
EUR	69	66
RMB	(38)	–

A weakening of the Singapore dollar against the above currencies at 30 June would have had the equal but opposite effect to the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will have an adverse financial effect on the Group's financial conditions and/or results. The Group's exposure to changes in market interest rates relates primarily to its bank deposits and debt securities.

The risk management policy of the Group is to obtain quotations of interest rates for comparison and to select the most favourable interest rates based on the terms and conditions available.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Interest rate risk (Continued)

As at 30 June 2019, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, is as follows:

	Group			Company		
	2019 $'000	2018 $'000	1 July 2017 $'000	2019 $'000	2018 $'000	1 July 2017 $'000
Variable rate instruments						
Cash and cash equivalents	**8,101**	9,274	14,737	**6,521**	7,508	11,929
Fixed rate instruments						
Assets						
Other financial assets	**1,001**	1,001	3,038	**1,001**	1,001	3,038
Cash and cash equivalents	**7,000**	17,000	15,000	**7,000**	17,000	15,000
Liabilities						
Borrowings	**–**	(2,004)	(449)	**–**	–	–
	8,001	15,997	17,589	**8,001**	18,001	18,038

Fair value sensitivity analysis for fixed rate instruments

The Group does not designate any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, changes in interest rates of fixed rate instruments would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

As at 30 June 2019, an increase/(decrease) in interest rate of 100 basis points would have resulted in an increase/(decrease) in profit or loss by $81,010 (2018: $92,740; 1 July 2017: $1,473,000) per annum for the Group, and $65,210 (2018: $75,080; 1 July 2017: $1,192,900) per annum for the Company.

Credit risk

Credit risk is the risk that companies and other parties will be unable to meet their obligations to the Group resulting in financial loss to the Group. The Group's exposure to credit risk arises mainly from trade receivables, primarily from Singapore and other ASEAN countries.

The objective of the Group is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group manages such risks by dealing with a diversity of creditworthy customers to mitigate any significant concentration of credit risk. Its credit policy includes the evaluation of the credit-worthiness of existing and new customers and the monitoring of credit excesses and overdue accounts.

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Credit risk (Continued)

As at 30 June 2019, the maximum exposure to credit risk in the event that counterparties fail to perform their obligations in relation to each class of financial assets is the carrying amount of these assets in the statements of financial position. There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The ageing of trade and other receivables (excluding GST recoverables and prepayment) at the reporting date is:

	2019		**2018**		**1 July 2017**	
	Gross carrying amount $'000	**Impairment loss allowance $'000**	**Gross carrying amount $'000**	**Impairment loss allowance $'000**	**Gross carrying amount $'000**	**Impairment loss allowance $'000**
Group						
Not past due	**8,031**	**(168)**	7,793	–	4,758	–
Past due 0-30 days	**2,773**	**(44)**	2,457	(1)	2,555	–
Past due 31-120 days	**1,631**	**(34)**	1,439	(9)	1,815	–
Past due 121-365 days	**1,278**	**(118)**	769	(64)	355	(31)
More than one year	**1,088**	**(205)**	290	(148)	206	(86)
	14,801	**(569)**	12,748	(222)	9,689	(117)
Company						
Not past due	**16,122**	**(150)**	13,946	–	10,463	–
Past due 0-30 days	**2,407**	**(39)**	2,076	(1)	2,427	–
Past due 31-120 days	**1,266**	**(24)**	1,234	(9)	1,581	–
Past due 121-365 days	**1,305**	**(117)**	769	(64)	487	(31)
More than one year	**1,174**	**(205)**	609	(148)	372	(86)
	22,274	**(535)**	18,634	(222)	15,330	(117)

The receivables that are impaired are not secured by any collateral.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Credit risk (Continued)

Trade receivables

The maximum exposure to credit risk for trade receivables at the reporting date by types of industries in which the customers operate is as follows:

	Group			Company		
			1 July			1 July
	2019	2018	2017	2019	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Marine and shipbuilding	**1,755**	1,296	775	**1,714**	1,294	768
Oil, gas and petrochemical	**2,749**	2,136	1,967	**1,523**	1,469	1,168
Engineering and construction	**4,788**	4,717	2,385	**4,454**	4,326	2,333
Trading and others	**4,535**	4,232	4,206	**6,285**	5,121	4,727
	13,827	12,381	9,333	**13,976**	12,210	8,996

The Group's most significant customer, an engineering and construction customer, accounts for $1,661,000 (2018: $1,936,000 – an engineering and construction customer; 1 July 2017: $1,173,000 – a trading and others customer) of the trade receivables at 30 June 2019.

Expected credit loss assessment for trade customers as at 1 July 2018 and 30 June 2019

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to customers' industry, external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2019:

		Group	
Customers' industries segment	**Weighted average loss rate %**	**Gross carrying amount $'000**	**Impairment loss allowance $'000**
Marine and shipbuilding	2.00%	1,823	68
Oil, gas and petrochemical	3.05%	2,911	200
Engineering and construction	0.69%	4,950	164
Trading and others	2.30%	4,712	137
		14,396	569

NOTES TO THE
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

26 FINANCIAL INSTRUMENTS (CONTINUED)

Expected credit loss assessment for trade customers as at 1 July 2018 and 30 June 2019 (Continued)

Customers' industries segment	Weighted average loss rate %	Company Gross carrying amount $'000	Impairment loss allowance $'000
Marine and shipbuilding	2.00%	1,782	68
Oil, gas and petrochemical	3.05%	1,655	169
Engineering and construction	0.69%	4,616	164
Trading and others	2.30%	6,458	134
		14,511	535

Loss rates are calculated for exposures in different industries based on the default risk associated with the industries, which approximate the industries in which the customers operate, as these factors may have an influence on credit risk.

Movements in allowance for impairment in respect of trade receivables

	Group $'000	Company $'000
At 1 July 2018 per FRS 39	222	222
Adjustment on initial application of SFRS(I) 9	200	200
At 1 July 2018 per SFRS(I) 9	422	422
Impairment loss recognised	237	203
Recovered during the year	(73)	(73)
Amounts written off	(17)	(17)
At 30 June 2019 per SFRS(I) 9	**569**	**535**

Cash and cash equivalents

For financial assets such as cash and cash equivalents, the Group minimises credit risk by dealing exclusively with reputable financial institutions. Cash is placed with regulated financial institutions which are reputable and have low credit risk.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

26 FINANCIAL INSTRUMENTS (CONTINUED)

Expected credit loss assessment for trade customers as at 1 July 2018 and 30 June 2019 (Continued)

Movements in allowance for impairment in respect of trade receivables (Continued)

Loan and non-trade amounts due from subsidiaries

The Company held loan and non-trade receivables from its subsidiaries of $7,413,000 (2018: $6,136,000; 1 July 2017: $6,095,000). These balances are amounts lent to subsidiaries to meet short-term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Comparative information under FRS 39

The Group evaluates whether there is any objective evidence that trade receivables are impaired and determine the amount of impairment loss as a result of inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivable balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-off could be higher than estimated.

Movement in allowance for impairment in respect of trade receivables

	Group $'000	Company $'000
At 1 July 2017	117	117
Impairment loss recognised	163	163
Recovered during the year	(35)	(35)
Amounts written off	(23)	(23)
At 30 June 2018	222	222

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group maintains sufficient cash and cash equivalents to fulfil the Group's financial obligations as and when they fall due. As part of its liquidity risk management, the Group aims to maintain sufficient cash for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

26 FINANCIAL INSTRUMENTS (CONTINUED)

Expected credit loss assessment for trade customers as at 1 July 2018 and 30 June 2019 (Continued)

Liquidity risk (Continued)

The Group has sufficient cash and cash equivalents and adequate credit facilities to ensure necessary liquidity. As at 30 June 2019, the financial liabilities maturing within 12 months are as follows:

	Group			Company		
			1 July			1 July
	2019	2018	2017	2019	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables#	**4,395**	3,060	2,734	**3,751**	2,159	2,320
Borrowings	**–**	2,004	449	**–**	–	–

Excludes deferred income.

27 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Debt securities

The fair values of debt securities are determined by reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. Subsequent to initial recognition, the fair value of debt securities is determined for disclosure purposes only.

Other financial assets and liabilities

The fair value of non-current loan amounts is approximately equal to the nominal amount as it is repayable on demand.

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, other financial assets, cash and cash equivalents, borrowings and trade and other payables) are assumed to approximate their fair values due to the short-term maturity of these financial instruments. All other financial assets and liabilities are discounted to determine their fair value. This fair value is determined for disclosure purposes.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

27 DETERMINATION OF FAIR VALUES (CONTINUED)

Other financial assets and liabilities (Continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets not carried at fair value but for which fair values are disclosed				
30 June 2019				
Amortised cost – debt securities	**1,001**	**–**	**–**	**1,001**
30 June 2018				
Held-to-maturity debt securities	1,001	–	–	1,001
1 July 2017				
Held-to-maturity debt securities	3,038	–	–	3,038

Accounting classification

The carrying amounts of financial assets and liabilities, shown in the financial position, are as follows:

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Group				
30 June 2019				
Assets				
Other financial assets	7	**1,001**	**–**	**1,001**
Trade and other receivables*	10	**14,232**	**–**	**14,232**
Cash and cash equivalents	11	**15,101**	**–**	**15,101**
		30,334	**–**	**30,334**
Liabilities				
Trade and other payables#	14	**–**	**(4,395)**	**(4,395)**
		–	**(4,395)**	**(4,395)**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

27 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classification (Continued)

	Note	Loans and receivables $'000	Held-to-maturity $'000	Other financial liabilities $'000	Total carrying amount $'000
Group					
30 June 2018					
Assets					
Other financial assets	7	–	1,001	–	1,001
Trade and other receivables*	10	12,526	–	–	12,526
Cash and cash equivalents	11	26,274	–	–	26,274
		38,800	1,001	–	39,801
Liabilities					
Trade and other payables#	14	–	–	(3,060)	(3,060)
Borrowings	15	–	–	(2,004)	(2,004)
		–	–	(5,064)	(5,064)
Group					
1 July 2017					
Assets					
Other financial assets	7	–	3,038	–	3,038
Trade and other receivables*	10	9,572	–	–	9,572
Cash and cash equivalents	11	29,737	–	–	29,737
		39,309	3,038	–	42,347
Liabilities					
Trade and other payables#	14	–	–	(2,734)	(2,734)
Borrowings	15	–	–	(449)	(449)
		–	–	(3,183)	(3,183)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

27 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classification (Continued)

	Note	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Company				
30 June 2019				
Assets				
Other financial assets	7	**1,001**	**–**	**1,001**
Trade and other receivables*	10	**21,739**	**–**	**21,739**
Cash and cash equivalents	11	**13,521**	**–**	**13,521**
		36,261	**–**	**36,261**
Liabilities				
Trade and other payables	14	**–**	**(3,751)**	**(3,751)**

	Note	Loans and receivables $'000	Held-to-maturity $'000	Other financial liabilities $'000	Total carrying amount $'000
Company					
30 June 2018					
Assets					
Other financial assets	7	–	1,001	–	1,001
Trade and other receivables*	10	18,412	–	–	18,412
Cash and cash equivalents	11	24,508	–	–	24,508
		42,920	1,001	–	43,921
Liabilities					
Trade and other payables	14	–	–	(2,159)	(2,159)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

27 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classification (Continued)

	Note	Loans and receivables $'000	Held-to-maturity $'000	Other financial liabilities $'000	Total carrying amount $'000
Company					
1 July 2017					
Assets					
Other financial assets	7	–	3,038	–	3,038
Trade and other receivables*	10	15,213	–	–	15,213
Cash and cash equivalents	11	26,929	–	–	26,929
		42,142	3,038	–	45,180
Liabilities					
Trade and other payables	14	–	–	(2,320)	(2,320)

* Excludes GST recoverables and prepayment.
# Excludes deferred income.

28 SEGMENT INFORMATION

Segment information is presented based on the information reviewed by the Group's Chief Executive Officer (the chief operating decision maker) for performance assessment and resource allocation.

The Group's Chief Executive Officer assesses the Group's financial performance using performance indicators which include revenue, capital expenditure and cash flow of the Group.

The Group essentially has one business or operating segment, which is the trading and sales of stainless steel and specialty metal products where the risks and returns of the products are substantially similar.

These products comprise mainly bars, plates, pipes, flanges, tubes and fittings which are stainless steel materials of varying grades and specifications for use in the respective industries to which the Group sells its products.

28 SEGMENT INFORMATION (CONTINUED)

Additional financial information relating to the respective industries that the Group's customers operate in is presented as follows:

	Marine and shipbuilding $'000	Oil, gas and petro-chemical $'000	Engineering and construction $'000	Trading and others $'000	Total $'000
Group					
2019					
Revenue	5,511	9,024	19,025	16,296	49,856
Gross profit	1,497	2,648	2,740	5,178	12,063
Unallocated costs					(9,566)
					2,497
Other operating income and finance income					404
Profit before tax					2,901
Tax expense					(506)
Net profit for the year					2,395
Assets					
Trade receivables	1,755	2,749	4,788	4,535	13,827
Others – unallocated					76,892
					90,719
Liabilities – unallocated					5,015
Capital expenditure – unallocated					3,020
Depreciation of property, plant and equipment – unallocated					886

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

28 SEGMENT INFORMATION (CONTINUED)

	Marine and shipbuilding $'000	Oil, gas and petro-chemical $'000	Engineering and construction $'000	Trading and others $'000	Total $'000
Group					
2018					
Revenue	3,834	7,149	12,403	14,301	37,687
Gross profit	842	1,571	1,963	4,259	8,635
Unallocated costs					(8,945)
					(310)
Other operating income and finance income					534
Share of loss of joint venture					(26)
Profit before tax					198
Tax expense					(166)
Net profit for the year					32
Assets					
Trade receivables	1,296	2,136	4,717	4,232	12,381
Others – unallocated					77,160
					89,541
Liabilities – unallocated					5,309
Capital expenditure – unallocated					63
Depreciation of property, plant and equipment – unallocated					1,168

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on sales to the respective geographical markets, while segment assets and capital expenditure are based on the geographical location of the assets.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

28 SEGMENT INFORMATION (CONTINUED)

Geographical segments (Continued)

Revenue by geographical markets is disclosed in note 16:

Non-current assets and capital expenditure by geographical locations:

	Carrying amounts of segment non-current assets#		Capital expenditure	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Singapore	**8,646**	6,516	**3,017**	63
China	**17**	30	**3**	–
	8,663	6,546	**3,020**	63

\# Non-current assets exclude trade and other receivables, other financial assets and deferred tax assets.

29 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual periods beginning on/after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 30 June 2019, the comparative information presented in these financial statements for the year ended 30 June 2018 and in the preparation of the opening SFRS(I) statement of financial position at 1 July 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

29 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments*;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations does not have a material effect on the financial statements, except for SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 have affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 9 on the Group's and the Company's financial position as at 1 July 2017, 30 June 2018 and 1 July 2018 and the Group's profit or loss and other comprehensive income for the year ended 30 June 2018. There were no material adjustments to the Group's consolidated statement of profit or loss, statement of comprehensive income and statement of cash flows for the year ended 30 June 2018 arising on the transition to SFRS(I).

Under the transition methods chosen, the comparative information in the Statement of profit or loss has not been restated except for separately presenting impairment losses on trade receivables to conform to SFRS(I) presentation requirements.

29 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's equity
Consolidated statement of financial position

	Note	30 June 2018 FRS framework $'000	30 June 2018 SFRS(I) 1 $'000	30 June 2018 SFRS(I) framework $'000	1 July 2018 SFRS(I) 9 $'000	1 July 2018 SFRS(I) framework $'000
Non-current assets						
Property, plant and equipment	4	6,394	152	6,546	–	6,546
Others		1,303	–	1,303	–	1,303
		7,697	152	7,849	–	7,849
Current assets						
Trade and other receivables	10	14,399	–	14,399	(200)	14,199
Others		67,293	–	67,293	–	67,293
		81,692	–	81,692	(200)	81,492
Total assets		89,389	152	89,541	(200)	89,341
Equity attributable to equity holders of the Company						
Share capital	12	45,750	–	45,750	–	45,750
Reserves	13	3,016	(2,996)	20	–	20
Retained earnings		35,314	3,148	38,462	(200)	38,262
Total equity		84,080	152	84,232	(200)	84,032
Current liabilities		5,309	–	5,309	–	5,309
Total liabilities		5,309	–	5,309	–	5,309
Total equity and liabilities		89,389	152	89,541	(200)	89,341

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

29 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Group's equity
Statement of financial position

	Note	1 July 2017 FRS framework $'000	SFRS(I) 1 $'000	SFRS(I) framework $'000
Non-current assets				
Property, plant and equipment	4	7,499	152	7,651
Others		2,341	–	2,341
		9,840	152	9,992
Current assets		77,850	–	77,850
Total assets		87,690	152	87,842
Equity attributable to equity holders of the Company				
Share capital	12	45,750	–	45,750
Reserves	13	2,996	(2,996)	–
Retained earnings		35,726	3,148	38,874
Total equity		84,472	152	84,624
Current liabilities		3,218	–	3,218
Total liabilities		3,218	–	3,218
Total equity and liabilities		87,690	152	87,842

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

29 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Company's equity
Statement of financial position for the Company

	Note	30 June 2018 FRS framework $'000	30 June 2018 SFRS(I) 1 $'000	30 June 2018 SFRS(I) framework $'000	1 July 2018 SFRS(I) 9 $'000	1 July 2018 SFRS(I) framework $'000
Non-current assets						
Property, plant and equipment	4	6,170	152	6,322	–	6,322
Others		7,560	–	7,560	–	7,560
		13,730	152	13,882	–	13,882
Current assets						
Trade and other receivables	10	19,845	–	19,845	(200)	19,645
Others		53,068	–	53,068	–	53,068
		72,913	–	72,913	(200)	72,713
Total assets		86,643	152	86,795	(200)	86,595
Equity attributable to equity holders of the Company						
Share capital	12	45,750	–	45,750	–	45,750
Reserves	13	2,916	(2,916)	–	–	–
Retained earnings		35,644	3,068	38,712	(200)	38,512
Total equity		84,310	152	84,462	(200)	84,262
Current liabilities		2,333	–	2,333	–	2,333
Total liabilities		2,333	–	2,333	–	2,333
Total equity and liabilities		86,643	152	86,795	(200)	86,595

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2019

29 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

Reconciliation of the Company's equity
Statement of financial position for the Company

	Note	1 July 2017 FRS framework $'000	SFRS(I) 1 $'000	SFRS(I) framework $'000
Non-current assets				
Property, plant and equipment	4	7,170	152	7,322
Others		8,971	–	8,971
		16,141	152	16,293
Current assets		71,038	–	71,038
Total assets		87,179	152	87,331
Equity attributable to equity holders of the Company				
Share capital	12	45,750	–	45,750
Reserves	13	2,916	(2,916)	–
Retained earnings		36,193	3,068	39,261
Total equity		84,859	152	85,011
Current liabilities		2,320	–	2,320
Total liabilities		2,320	–	2,320
Total equity and liabilities		87,179	152	87,331

Notes to the reconciliations

A. SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) 1 with 1 July 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 30 June 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

(i) Fair value as deemed cost for freehold premises classified as property, plant and equipment

The Group elected the optional exemption in SFRS(I) 1 to measure the freehold premises held by the Company at the date of transition to SFRS(I) at fair value and use that fair value as its deemed cost in its SFRS(I) financial statements.

The Group considers that the election of fair value at the date of transition as its deemed cost would result in more relevant financial information. The fair value of the freehold premises was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. As such, the carrying amount of freehold premises and retained earnings of the Group and the Company increased by $152,000 as at 1 July 2017 and 30 June 2018.

(ii) Foreign currency translation reserve (FCTR)

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to $nil at the date of transition, and reclassify the cumulative FCTR of $80,000 as at 1 July 2017 determined in accordance with FRS at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR decreased by $80,000 and retained earnings increased by the same amount as at 1 July 2017.

29 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

B. SFRS(I) *9 Financial Instruments*

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 July 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2018. Accordingly, the information presented for 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 July 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 July 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - The designation of an equity investment that is not held-for-trading as at FVOCI; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.
- If a debt investment has low credit risk at 1 July 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, is described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instruments as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note 3.3.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's and Company's financial assets as at 1 July 2018.

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 July 2018 Original carrying amount under FRS 39 $'000	1 July 2018 New carrying amount under SFRS(I) 9 $'000
Group					
Financial assets					
Debt investments	(b)	Held-to-maturity	Amortised cost	1,001	1,001
Trade and other receivables	(a)	Loans and receivables	Amortised cost	14,399	14,199
Cash and cash equivalents		Loans and receivables	Amortised cost	26,274	26,274
Total financial assets				41,674	41,474
Company					
Financial assets					
Debt investments	(b)	Held-to-maturity	Amortised cost	1,001	1,001
Trade and other receivables	(a)	Loans and receivables	Amortised cost	19,845	19,645
Cash and cash equivalents		Loans and receivables	Amortised cost	24,508	24,508
Total financial assets				45,354	45,154

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

29 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONTINUED)

(a) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. An increase of $200,000 in the allowance for impairment was recognised respectively in opening retained earnings of the Group and the Company at 1 July 2018 on transition to SFRS(I) 9.

(b) Debt investments that were previously classified as held-to-maturity are now classified at amortised cost. The Group and the Company intend to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. The amount of the allowance on debt investments was negligible.

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at amortised cost.

As a result of the adoption of SFRS(I) 9, the Group presented impairment loss related to trade receivables of $200,000, net of tax, through the retained earnings of the Group and the Company as at 1 July 2018.

Impairment losses on other financial assets are immaterial.

The application of SFRS(I) 9 impairment requirements at 1 July 2018 results in additional allowances for impairment as follows:

	Group $'000	Company $'000
Loss allowance at 30 June 2018 under FRS 39	222	222
Additional impairment recognised at 1 July 2018 on trade and other receivables as at 30 June 2018	200	200
Loss allowance at 1 July 2018 under SFRS(I) 9	422	422

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group and the Company measure the allowance for impairment is described in Note 26.

30 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 July 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 July 2018:

Applicable to 2020 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2019

30 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 July 2019, with early adoption permitted.

The Group plans to apply SFRS(I) 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 July 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate to their portfolio. Furthermore, the Group is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 July 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group expects existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 July 2019, the Group expects an increase in ROU assets and lease liabilities of $7,091,000.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

STATISTICS OF SHAREHOLDINGS
AS AT 5 SEPTEMBER 2019

SHARE CAPITAL

Issued and Paid-Up Capital	:	$45,749,836.98
Total Number of Shares	:	222,000,000
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS
AS AT 5 SEPTEMBER 2019

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 to 99	1	0.10	1	0.00
100 to 1,000	65	6.47	56,400	0.02
1,001 to 10,000	414	41.19	2,876,400	1.30
10,001 to 1,000,000	504	50.15	33,114,799	14.92
1,000,001 and above	21	2.09	185,952,400	83.76
Total	**1,005**	**100.00**	**222,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 5 SEPTEMBER 2019

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	2GS INVESTMENT PTE LTD	56,700,000	25.54
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	44,755,867	20.16
3	KUA CHEE HONG	13,070,000	5.89
4	LOW CHUI HENG	12,345,476	5.56
5	KUA PENG CHUAN	11,382,000	5.13
6	DB NOMINEES (SINGAPORE) PTE LTD	8,058,400	3.63
7	LOW AH HOO	7,728,800	3.48
8	DBS NOMINEES PTE LTD	6,203,500	2.79
9	KUA CHEE KENG	4,690,457	2.11
10	TAN SZE SENG	3,422,100	1.54
11	LER BEE CHIN	2,214,400	1.00
12	YEO SENG CHONG	1,955,000	0.88
13	KUA CHOO SUAN	1,787,500	0.81
14	LEW WING KIT	1,783,000	0.80
15	LIM AND TAN SECURITIES PTE LTD	1,683,100	0.76
16	TAN HANG CHUANG @ GEORGE TAN	1,616,600	0.73
17	LAI WENG KAY	1,507,700	0.68
18	ABN AMRO CLEARING BANK N.V.	1,464,400	0.66
19	PHILLIP SECURITIES PTE LTD	1,246,400	0.56
20	RAFFLES NOMINEES (PTE) LIMITED	1,234,100	0.56
	TOTAL	**184,848,800**	**83.27**

STATISTICS OF SHAREHOLDINGS
AS AT 5 SEPTEMBER 2019

PUBLIC SHAREHOLDINGS

Based on the information available to the Company as at 5 September 2019, approximately 32.15% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 5 SEPTEMBER 2019

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
2GS Investment Pte. Ltd.	56,700,000	25.54	–	–
HHH Co Pte Ltd (Note 1)	44,755,867	20.16	–	–
Kua Chee Hong (Note 2)	13,070,000	5.89	2,214.200	1.00
Ler Bee Chin (Note 2)	2,214,200	1.00	13,070,000	5.89
Kua Peng Chuan	11,382,000	5.13	–	–
Low Ah Hoo (Note 3)	7,728,800	3.48	44,755,867	20.16
Low Chui Heng (Note 3)	12,345,476	5.56	44,755,867	20.16
Kua Eng Watt (deceased) (Note 4)	560,000	0.25	56,700,000	25.54
Kua Eng Bee (deceased) (Note 4)	–	–	56,700,000	25.54

Notes:

1. HHH Co Pte Ltd's shares are registered in the name of CGS-CIMB Securities (Singapore) Pte Ltd.
2. Kua Chee Hong and his wife, Ler Bee Chin are deemed interested in the shares held by each other.
3. Low Ah Hoo and Low Chui Heng, who each owns 50% of the shareholding interest in HHH Co Pte Ltd, are interested in the 44,755,867 shares in the Company held by HHH Co Pte Ltd.
4. Kua Eng Watt (deceased) and Kua Eng Bee (deceased), who each owns 33.33% of the shareholding interest in 2GS Investment Pte. Ltd., are interested in the 56,700,000 shares in the Company held by 2GS Investment Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sin Ghee Huat Corporation Ltd. (the "Company") will be held at 32 Penhas Road, #01-01, Singapore 208191 on Friday, 18 October 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2019 and the Directors' Statement and the Report of the Auditors thereon. **Resolution 1**

2. To approve the additional Directors' fees of $16,880 for the financial year ended 30 June 2019. **Resolution 2**

   [See Explanatory Note (a)]

3. To approve the Directors' fees of $176,000 (2019: $167,880) payable quarterly in arrear for the financial year ending 30 June 2020. **Resolution 3**

4. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:

   (a) Mr Hoon Tai Meng (retiring under Article 107) **Resolution 4**

   (b) Mr Lim Lian Soon (retiring under Article 117) **Resolution 5**

   (c) Mr Low Chui Heng (retiring under Article 117) **Resolution 6**

   Mr Hoon Tai Meng and Mr Lim Lian Soon will, upon re-election as Directors of the Company, remain as Chairman of the Audit Committee and member of the Audit Committee respectively, and will be considered independent for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

   [See Explanatory Note (b), (c) and (d)]

5. To declare a Final one-tier tax exempt dividend of 0.6 cents per share for the financial year ended 30 June 2019. **Resolution 7**

6. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

7. To transact such other business which may be properly transacted at an annual general meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

SHARE ISSUE MANDATE

THAT pursuant to the Listing Rules of the SGX-ST and the Company's Articles of Association, authority be and is hereby given to the Directors to: **Resolution 9**

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

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

(c) issue additional Instruments convertible into shares arising from adjustments made to the number of Instruments

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and (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 while this Resolution was in force, provided that:

(i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company, and for the purpose of this Resolution, the issued share capital shall be the issued share capital of the Company at the time this Resolution is passed, after adjusting for:

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

NOTICE OF ANNUAL GENERAL MEETING

(bb) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST; and

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

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

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of **SIN GHEE HUAT CORPORATION LTD.** will be closed on 31 October 2019 for the preparation of dividend warrants.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 31 October 2019 will be registered to determine shareholders' entitlements to the Final dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 31 October 2019 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the shareholders at the Annual General Meeting to be held on 18 October 2019, will be made on 14 November 2019.

BY ORDER OF THE BOARD

Ms Joanna Lim Lan Sim
Company Secretary

25 September 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

(a) The shareholders of the Company had approved the payment of Directors' fees of $151,000 for the financial year ended 30 June 2019 at the AGM of the Company held on 23 October 2018. The additional Directors' fees of $16,880 are payable to Mr Lim Lian Soon and Mr Low Chui Heng who were appointed as a non-executive Directors on 30 October 2018 on a pro rata basis.

(b) In relation to Ordinary Resolution 4 proposed in item 4(a) above, there are no relationships (including immediate family relationship) between Mr Hoon Tai Meng and the other directors of the Company. His other detailed information is set out in the Board of Directors section of the Company's Annual Report 2019.

(c) In relation to Ordinary Resolution 5 proposed in item 4(b) above, there are no relationships (including immediate family relationship) between Mr Lim Lian Soon and the other directors of the Company. His other detailed information is set out in the Board of Directors section of the Company's Annual Report 2019.

(d) In relation to Ordinary Resolution 6 proposed in item 4(c) above, there are no relationships (including immediate family relationship) between Mr Low Chui Heng and the other directors of the Company. His other detailed information is set out in the Board of Directors section of the Company's Annual Report 2019.

Statement Pursuant to Article 71 of the Company's Articles of Association

The effects of the resolution under the heading "As Special Business" in this Notice of the Annual General Meeting are:

1. Ordinary Resolution 9, if passed, will authorise the Directors from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. Rule 806(3) of the Listing Rules of the SGX-ST currently provides that the percentage of issued share capital is based on the share capital of the Company at the time the mandate is passed after adjusting for:

   (a) new shares arising from the conversion or exercise of convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Rules of the SGX-ST; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares.

This authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

(1) A member entitled to attend and vote at the Annual General 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) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.

(3) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office at 32 Penhas Road, #01-01, Singapore 208191 not later than 48 hours before the time appointed for the holding of the Annual General Meeting.

(4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

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

ADDITIONAL INFORMATION

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Hoon Tai Meng, Mr Lim Lian Soon and Mr Low Chui Heng are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 18 October 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR HOON TAI MENG	**MR LIM LIAN SOON**	**MR LOW CHUI HENG**
Date of Appointment	1 March 2007	30 October 2018	30 October 2018
Date of last re-appointment	19 October 2016	Not Applicable	Not Applicable
Age	67	64	59
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Nominating Committee's recommendation and assessment on Mr Hoon Tai Meng's background, experience, independence and commitment in the discharge of his duties as a Director of Sin Ghee Huat Corporation Ltd, and is satisfied that he will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Lim Lian Soon's background, experience, independence and commitment in the discharge of his duties as a Director of Sin Ghee Huat Corporation Ltd, and is satisfied that he will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Low Chui Heng's background, experience and commitment in the discharge of his duties as a Director of Sin Ghee Huat Corporation Ltd, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee.	Independent Non-Executive Director, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee.	Non-Independent Non-Executive Director.
Professional qualifications	Fellow of the Chartered Institute of Management Accountants (United Kingdom) Fellow of the Association of Chartered Certified Accountants (United Kingdom) Fellow member of the Institute of Singapore Chartered Accountants Barrister-at-Law (Middle Temple, United Kingdom)	Fellow of the Association of Chartered Certified Accountants (United Kingdom) Fellow member of the Institute of Singapore Chartered Accountants	GCE 'A' level

ADDITIONAL INFORMATION

	MR HOON TAI MENG	MR LIM LIAN SOON	MR LOW CHUI HENG
Working experience and occupation(s) during the past 10 years	2018 to present: Senior Consultant of RHTLaw Taylor Wessing LLP 2011 to 2018: Executive Director of Chip Eng Seng Corporation Limited 2007 to 2011: Partner of KhattarWong	2018: Consultant of CA Trust Taxation Pte Ltd (Provision of taxation consultancy services) 2018: Consultant of CA Trust Solutions Pte Ltd (Provision of financial consultancy services) 2013 to 2017: Director of CA Trust Taxation Pte Ltd (Provision of taxation consultancy services) 2013 to 2017: Director of CA Trust Solutions Pte Ltd (Provision of financial consultancy services) 2009 to 2012: Executive Director and Chief Executive Officer of Sin Ghee Huat Corporation Ltd.	1980 to present: Director of Hong Hock Hardware Pte. Ltd. 1995 to present: Director of Hong Hock Holdings Pte. Ltd. 2008 to present: Director of G4 Management Pte. Ltd. 2004 to 2015: Director of Zhongmin Baihui (S) Pte. Ltd. 2007 to 2016: Director of Fotile Marketing (Singapore) Pte. Ltd. 2008 to 2015: Director of Hancai Fashion (S) Pte. Ltd. 2009 to 2017: Director of TS Exim (S) Pte. Ltd. 2012 to 2015: Executive Director of Zhongmin Baihui Retail Group Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 40,000 shares	Direct interest: 43,000 shares	Direct interest: 12,345,476 shares Deemed Interest: 44,755,867 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	Mr Low Chui Heng is a director and shareholder of HHH Co Pte. Ltd. (“HHH”), who hold 50% of the shares in HHH. As such, he is deemed to be interested in the 44,755,867 shares of Sin Ghee Huat Corporation Ltd. which HHH holds. For completeness, Mr Low Ah Hoo, a brother of Low Chui Heng, is also a director and shareholder of HHH who hold 50% of shares in HHH.
Conflict of Interest (including any competing business)	No	No	Yes
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

ADDITIONAL INFORMATION

	MR HOON TAI MENG	MR LIM LIAN SOON	MR LOW CHUI HENG
Other Principal Commitments Including Directorships	Senior Consultant, RHTLaw Taylor Wessing LLP Independent Director of Koufu Group Ltd, Hock Lian Seng Holdings Ltd and Pavillon Holdings Ltd	None	None
Past (for the last 5 years)	Chip Eng Seng Corporation Group	CA Trust Taxation Pte Ltd. CA Trust Solutions Pte Ltd.	Zhongmin Baihui (S) Pte Ltd. Fotile Marketing (Singapore) Pte Ltd Hancai Fashion (S) Pte Ltd. TS Exim (S) Pte Ltd. Zhongmin Baihui Retail Group Ltd
Present	Cocoaorient Pte Ltd. Pavillon Holdings Ltd. EE Hoe Hean Club Koufu Group Limited RHTLaws Taylor Wessing LLP Hock Lian Seng Holdings Limited	None	Hong Hock Hardware Pte Ltd. Hong Hock Holdings Pte Ltd. G4 Management Pte Ltd HHH Co Pte Ltd.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No

ADDITIONAL INFORMATION

	MR HOON TAI MENG	MR LIM LIAN SOON	MR LOW CHUI HENG
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION

	MR HOON TAI MENG	MR LIM LIAN SOON	MR LOW CHUI HENG
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

ADDITIONAL INFORMATION

	MR HOON TAI MENG	MR LIM LIAN SOON	MR LOW CHUI HENG
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.

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SIN GHEE HUAT CORPORATION LTD.
Registration Number: 197700475Z
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT
(a) An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
(b) This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____ of

____

being a member/members of Sin Ghee Huat Corporation Ltd. (the "Company"), hereby appoint:–

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

and/or (delete where appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 32 Penhas Road, #01-01, Singapore 208191 on Friday, 18 October 2019 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Resolution No.	Ordinary Resolution	For	Against
1.	Adoption of Audited Financial Statements for the financial year ended 30 June 2019 and the Directors' Statement and the Reports of the Auditors.		
2.	Approval of additional Directors' Fees for the financial year ended 30 June 2019.		
3.	Approval of Directors' Fees for financial year ending 30 June 2020.		
4.	Re-election of Mr Hoon Tai Meng as Director of the Company.		
5.	Re-election of Mr Lim Lian Soon as Director of the Company.		
6.	Re-election of Mr Low Chui Heng as Director of the Company.		
7.	Declaration of Final Dividend for the financial year ended 30 June 2019.		
8.	Re-appointment of KPMG LLP as Auditors of the Company.		
9.	Approval of Share Issue Mandate.		

Dated this ________ day of ________________ 2019

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

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

IMPORTANT: Please read notes overleaf

Notes:–

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register, 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 (other than a Relevant Intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

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

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AFFIX
STAMP

The Company Secretary

SIN GHEE HUAT CORPORATION LTD.

32 Penhas Road

#01-01

Singapore 208191

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

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

4. The instrument appointing a proxy or proxies must be deposited at the registered office at 32 Penhas Road, #01-01, Singapore 208191 not less than 48 hours before the time set for the meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer 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 under its common seal or under the hand of its officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney (or other authority) or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the registered office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
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, Cap. 50.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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SIN GHEE HUAT CORPORATION LTD.
(Company registration no.197700475Z)

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