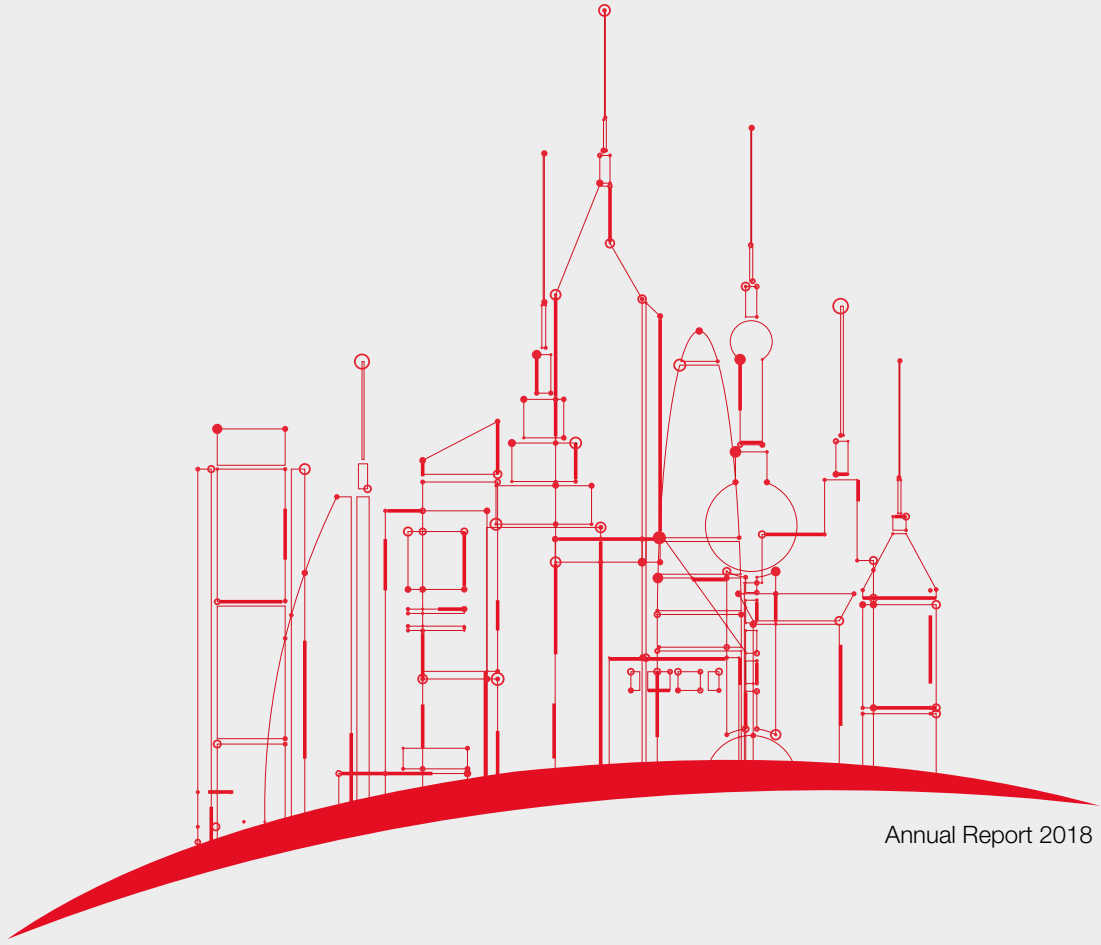




**CHUAN HUP  
HOLDINGS  
LIMITED**



Annual Report 2018

**BUILDING STRONG FUNDAMENTALS**

# BUILDING STRONG FUNDAMENTALS

With sound fundamentals grounded on a firm foundation of proven investment strategy, management excellence and resilient portfolio, we are well-positioned to seize new opportunities in diversified markets, generating growth that is sustainable and creating value that lasts.

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*Artist's impression of The Posh Twelve's 360° Club Lounge on Level 45*



## CORPORATE PROFILE

Founded in 1970, Chuan Hup Holdings Limited (“Chuan Hup”) has grown into an investment company with a diversified portfolio of strategic investments across the electronics manufacturing services and property sectors. The Company also engages in quality equity investments aimed at generating long-term returns.

Chuan Hup began as a tug and barge service provider to PSA Corporation in Singapore, establishing a reputation as one of the leading owners and operators of marine transportation equipment to the resource industry. Following its listing on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) in 1983, the Company diversified its business footprint to include property development and electronics manufacturing services under PCI Limited (“PCI”).

In 1992, PCI was listed on the then Sesdaq of SGX-ST and transferred to the Mainboard of SGX-ST in 1995. Then, in 2011, Chuan Hup increased its stake in PCI to 76.7%, signalling its commitment to the electronics manufacturing sector. Today, with a global customer base, PCI delivers quality end-to-end manufacturing supply chain solutions that create competitive advantages for leading technology companies worldwide. PCI specialises in a wide range of innovations that include networking to wireless communications, home appliances to display modules for mobile communications, and diverse medical, industrial and automotive products.

On the property front, Chuan Hup has marked several milestones locally and in the Asia Pacific region after more than a decade in property development. The Company launched its first residential project in Singapore, The Clementvale, in 1999, and ventured overseas, investing in property development projects in Australia and the Philippines. Through strategic partnerships with local businesses, Chuan Hup harnesses their expertise to drive development projects overseas. Its past developments region-wide have received strong reception and achieved full sales soon after completion.

In 2014, Chuan Hup acquired three floors of office space in GB Building in Singapore to be held as investment property. The move enables the Company to secure stable recurring rental income for the long term. Meanwhile, with the strategic investment in Pacific Star Development Limited in 2017, Chuan Hup has enlarged its property investment portfolio and extended its business footprint into Malaysia and Thailand.

With a focus on delivering short-term returns and long-term sustainable growth, Chuan Hup continues to explore investment opportunities with prudence to further augment its portfolios and generate sustainable value for its stakeholders.



# COMMITTED TO **DIVERSIFIED GROWTH**

We remain firm in our commitment to invest in quality assets and expand our diversified businesses and markets to drive long-term growth.

NET PROFIT

**USD 17.5  
Million**



*Unison on Tenth landscape deck*



*Puteri Cove Residences features more than 30 world-class facilities including Maldives-inspired tropical resort swimming pools*





*The Posh Twelve, Bangkok, Thailand*



*Concerto Apartments 25m swimming pool*

## CHAIRMAN'S STATEMENT



**Mr Lo Pang Foo Steven**  
Non-Executive Chairman



The Chuan Hup Group (the "Group") delivered another year of strong performance for the financial year ended 30 June 2018 ("FY2018").

Dear Members,

The Chuan Hup Group ("The Group") delivered another year of strong performance for the financial year ended 30 June 2018 ("FY2018"). Revenue registered double-digit growth, reaching USD345.30 million, a commendable achievement by the Group. This represented an increase of 21.9% over USD283.19 million in the previous year. Net profit came in at USD17.53 million compared with USD20.43 million for FY2017, attributed partially to lower property sales, decrease in fair valuation of financial investments and higher employee benefit expense of our subsidiary, PCI Limited.

### **ROBUST GROWTH MOMENTUM**

Growth momentum for FY2018 continued to be robust, driven by healthy expansion in electronics manufacturing services. Against a backdrop of improved macro-economic environment and stable financial markets, the Group saw significant increase in demand for our electronics manufacturing solutions during the financial year under review.

During the financial year, the Group's property development projects in Perth, Concerto and Unison on Tenth, continued to generate steady sales on the back of gradually improving market sentiment.

## STRONG CAPITAL STRUCTURE

As a result of the prudent management and cost control measures that we have put in place, the Group's balance sheet remains healthy. The Group generated total cash flow of USD23.55 million from operating activities during the year, resulting in cash and cash equivalents of USD116.96 million as at 30 June 2018, up 14.0% compared to USD102.64 million as at 30 June 2017. Total assets amounted to USD405.66 million, with net assets attributable to equity holders reaching USD285.59 million.

## SHARING OUR SUCCESS

We have and will continue to share the Group's success with our shareholders. We will continue to focus on adopting a balanced growth strategy geared to achieving long-term sustainable growth and delivering stable returns to them.

In this regard, the Board has proposed a final tax-exempt one-tier dividend of 1 SG cent per ordinary share for FY2018, subject to approval of shareholders at the coming Annual General Meeting ("AGM") to be held on 18 October 2018, in line with our dividend policy of paying up to 50% of net profit after tax.

## OUTLOOK

The Group maintains a cautious outlook for FY2019 given the uncertainties caused by the prevailing US-China trade conflict, which may increase volatility in the financial markets. Property market conditions in Perth are likely to continue to improve gradually.

We will continue to remain vigilant and focused on strategies that can lead to long-term sustainable growth. In this respect, we will exercise prudence when considering new investments and business expansion opportunities.



*Looking up at Unison on Tenth tower from landscape deck*

## ACKNOWLEDGEMENTS

I am pleased to welcome Ms Heng Su-Ling Mae as Non-Executive, Independent Director to the Board. With her extensive experience and expertise in audit, corporate finance and business advisory services, I am confident that she will be a strong asset to us.

Mdm Joanna Young Sau Kwan will be retiring as Non-Executive, Independent Director at the coming AGM and not seeking re-election. On behalf of the Board, I would like to express my heartfelt appreciation to Mdm Young for her dedication and contributions during her 15 years of service on the Board.

I would like to extend my appreciation to my fellow Directors for their guidance and counsel during the year. I wish to thank our partners, customers and stakeholders for their support and co-operation. Last but not least, I would like to express my appreciation to the Management and staff of the Group for their hard work and dedication in working together to deliver another year of exceptional performance.

## MR LO PANG FOO STEVEN

*Non-Executive Chairman  
7 September 2018*



View of Concerto Apartments, the tallest residential apartment tower in East Perth



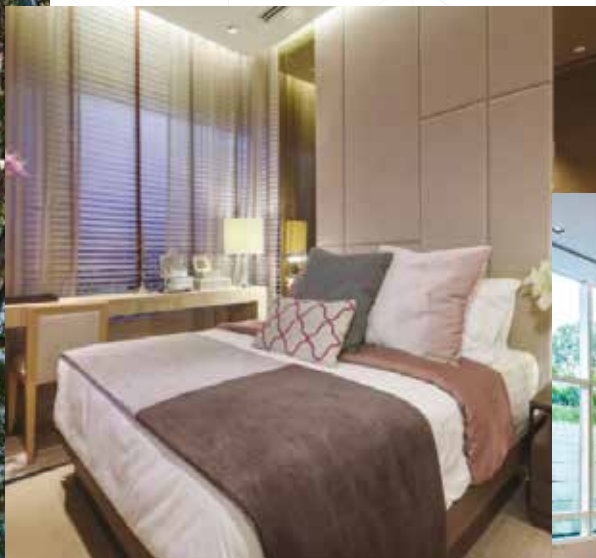
Developed by Pacific Star Development Limited, The Posh Twelve is a freehold high-rise mixed-use development comprising two mid-end condominium towers of 39 and 45 floors each, featuring a combined 1,373 condominiums and seven commercial units on the ground floor

**GROUP REVENUE**  
**USD345.3**  
**Million**



# PRIMED FOR **NEW** OPPORTUNITIES

With a robust capital structure, proven track record and extensive network, we are primed to seize new growth opportunities in vibrant regions.



*The Posh Twelve offers maximum value with innovative ID features*



*The Grand Lounge and Club in award-winning Puteri Cove Residences provides all day leisure and entertainment*

## OUR INVESTMENTS



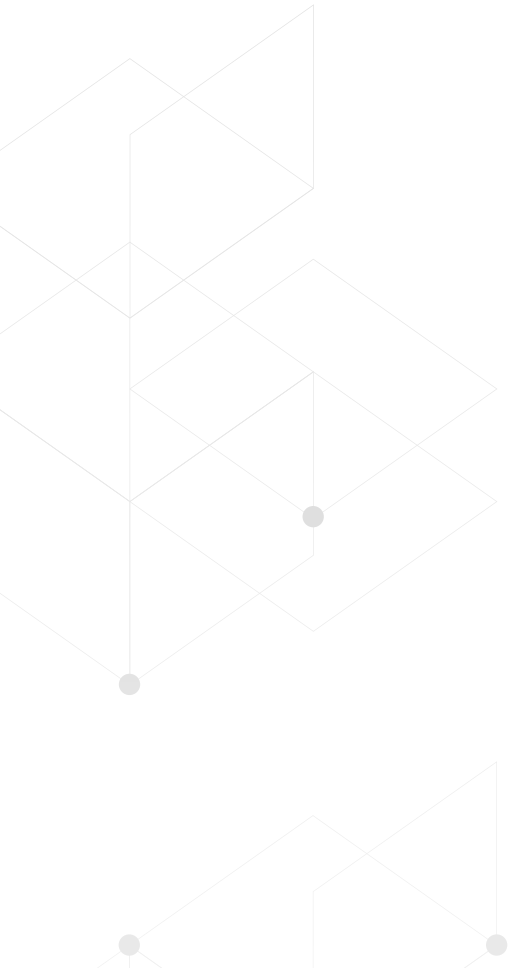
Concerto Apartments residential lounge

We adopt a prudent approach in our decision-making process balancing potential growth with manageable risks. We focus on strengthening our fundamentals, in particular building a strong and robust balance sheet which not only can enhance our resilience to withstand cyclical challenges...

### OUR INVESTMENTS

A hallmark of a sustainable business is its ability to create value consistently and deliver reasonable returns to stakeholders over the long-term. In this respect, we take a long-term view in our decision-making process. We have an excellent track record of successful acquisitions and investments in facilities, technologies and properties that have yielded stable returns consistently. Our investments have and will continue to be guided by our commitment to sustainability.

At Chuan Hup, sustainable practices including governance, profitability, ethical values, environmental awareness and accountability are incorporated into every aspect and level of our operations from design and manufacturing to real estate property development and management. Given that the Group operates in a dynamic region with diverse regulatory regimes governing investments and business practices, the Group adopts a prudent approach in evaluating every investment opportunity, always with the interests and benefit of shareholders at the top of our list of priorities.



**ELECTRONICS MANUFACTURING SERVICES**  
(PCI Limited)



*PCI Kunshan manufacturing plant*

In 2011, Chuan Hup acquired a majority 76.7% stake in the shares of PCI Limited ("PCI"), which became a subsidiary and a core business of the Group. Since then, PCI's revenue contribution to the Group has been significant. For about three decades, Chuan Hup was already a substantial shareholder and had benefited from PCI's steady development as an electronics manufacturing services provider. PCI was initially listed in 1992

on the then Sesdaq of SGX-ST before transferring to the Mainboard in 1995.

PCI is a leading provider of quality end-to-end manufacturing supply chain solutions, supplying a global clientele with innovative products used for networking, wireless communications, home appliances, display modules for mobile communications and diverse medical, industrial and automotive products. Its core products include printed circuit board assembly, user interface panels and complete box build.

Over the years, PCI has established its reputation as a reliable and important node in the global supply chain of electronics manufacturing services. Its comprehensive suite of services encompasses the whole outsourcing cycle from design to material sourcing and procurement, engineering, manufacturing, assembling, testing and logistics management.

With manufacturing facilities in Batam, Indonesia and Kunshan, China, PCI has the capacity to meet demands



*PCI surface mount technology line*



*Robotic soldering deployed at PCI for greater efficiency and better quality control*

## OUR INVESTMENTS



Perth CBD view from Concerto Apartments

Concerto Apartments 25m swimming pool



Concerto Apartments gym

for the production of a wide range of products tailored to variable production volumes. With design centres in Singapore, Philippines and Indonesia, PCI is capable of supporting clients with manufacturability and test solutions at any stage of the development process and meet the exacting requirements for precision, quality and adherence to international standards.

### PROPERTIES

#### Finbar Group Limited

The Group is a substantial shareholder of Finbar Group Limited ("Finbar"). In accordance with financial reporting standards, it was recorded as an associate company since 1 January 2016. As at 30 June 2018, the Company has a shareholding interest of 20.3% in Finbar.

Finbar has been listed on the Australian Securities Exchange since 1995. It is involved in the development of medium to high density residential properties.

Over the years, the Group has collaborated with Finbar on several successful residential development projects in Western Australia.

#### Symphony City, East Perth, Western Australia

Leveraging on Finbar's expertise and knowledge of the local real estate market, the Group jointly launched the Symphony City development located at East Perth, Western Australia with Finbar in 2009. The project involved the redevelopment of the former Australian Broadcasting Corporation ("ABC") site which the Group owns.



Ground floor lobby of Signa Designer Residences



Unison on Tenth podium apartments

Symphony City was developed in three stages. The first two stages comprising the Adagio and Toccata, luxury residential apartment towers with panoramic views of the Swan River, were completed and fully sold in 2014 and 2016 respectively.

Concerto, the third stage of the development, is a 38-storey tower with 226 apartments and a commercial unit. Situated along Adelaide Terrace, it is within easy access to Perth's Central Business District and offers high standards of modern urban living. Standing as the tallest apartment building in East Perth, the tower consists of one-and two-bedroom apartments, luxury two-and three-bedroom tower apartments and New York style studios which are designed to blend contemporary architectural elements with the culturally rich characteristics of the former ABC building.

The Concerto was completed in June 2017. The response has been encouraging with sales of the units progressing steadily. As at 30 June 2018, the Group has sold and settled 79% of the available units. The income from this project is recorded following the settlement of sales in the respective financial year.

**Unison, Maylands, Western Australia**

The development which was launched in 2014, is located in a trendy suburb northeast of Perth. Comprising two phases, the Unison project features three-storey walk-up apartments and 10-storey apartment towers, boasting resort-style facilities and luxurious living.

Situated near a major transportation node, the Maylands railway station, Unison offers the convenience of easy

access to Perth's CBD which is about 4.5 kilometres away and beyond.

The first phase, Unison on Tenth, was completed in February 2016. As at 30 June 2018, more than 99% of the 169 units have been sold. The second phase, Unison on Kennedy, is expected to be launched in October 2018. Development approval was obtained in August 2018 for a revised plan which comprises 120 apartments and 3 commercial lots in a three-storey walk up development.

**Keyland Ayala Properties Inc**

Keyland Ayala Properties Inc ("KAPI" – formerly known as Security Land Corporation) in which the Group has a stake and recorded as an available-for-sale investment in its financial records, is a property and development company in the Philippines.

# OUR INVESTMENTS

Under a joint venture agreement with Robinsons Land Corporation, a leading real estate company listed on the Philippines Stock Exchange, KAPI's property along Ayala Avenue in the prime commercial and business district in Makati, Manila has been developed into the Signa Designer Residences. The development comprises two high-end residential towers which were completed in the last quarter of 2016. Handover of the units to buyers is in progress. As at 30 June 2018, less than 3% of the units remain to be sold.

Dividend income is derived from this investment.

### Pacific Star Development Limited

The Group holds a 35.5% stake in Pacific Star Development Limited ("PSD") a property company listed on the SGX-ST. PSD has a proven track in the development and investment of prime integrated mixed-use real estate projects in key gateway cities across Asean.

PSD has two on-going projects, one each in Malaysia and Thailand. In Malaysia, it has completed the multi-award winning Puteri Cove Residences and Quayside, a freehold prime marina-fronting mixed-use development located at the most prestigious area in Puteri Harbour, Iskandar Puteri, Johor Bahru. The project which won top accolades at the Asia Pacific Property Awards 2017/2018, comprises a condominium project with 658 luxury apartments in two 32-storey tower blocks, SOHO lofts, Pan Pacific serviced suites and an exciting Lifestyle Retail Centre, overlooking One<sup>o</sup> 15-managed private marina.

*Concerto Apartments double void lobby entrance with grand piano*



*Leaf Reading and Tea Room in Signa Designer Residences*



*The Posh Twelve is currently under construction and will feature a panoramic Sky Library overlooking Bangkok's city skyline when completed*

Unison on Tenth podium apartment lobby entrance



Puteri Cove Residences features an elegantly appointed Private Dining Room



The project was completed in February 2018 and handing over of units to buyers is in progress. The retail and serviced suites are expected to be operational in the third quarter of 2018.

PSD's second project, The Posh Twelve, is a freehold condominium in Bangkok and is currently under construction. It is the tallest residential development in the Tiwanon Nonthaburi area. Located in Bangkok's expanding city core and within a three-minute walk from the nearest MRT station, it is very accessible to Bangkok city centre.

The development comprises two towers of 45 storeys and 39 storeys, offering a combined 1,373 high-rise residential apartments of one and two bedrooms and duplex loft units. The project includes 7 commercial units and is fully furnished, with resort-style facilities, providing modern urban lifestyle for middle-income professionals.

**Office Units in GB Building, Cecil Street, Singapore**

The Group acquired three floors, the 20<sup>th</sup> to 22<sup>nd</sup> floors of the strata-titled office space of GB Building in November 2014. Located at the heart of the Central Business District, these office units, which are fully leased, are in line with the Group's investment strategy to build a portfolio of quality property assets that can generate recurring revenue and provide sustainable earnings.

**OUR APPROACH TO SUSTAINABLE INVESTMENT**

We take a long-term view in our investment strategy. When evaluating investment opportunities, we are guided by our commitment to create value on a sustainable basis for the benefit of our shareholders. We adopt a prudent approach in our decision-making process balancing potential growth with manageable risks. We focus on strengthening our fundamentals, in particular building a strong and robust balance sheet which not only can enhance our resilience to withstand cyclical challenges but can also provide the Group with ample resources to unlock new growth opportunities.

## BOARD OF DIRECTORS

01



02



03



04



05



06



- 01 Mr Lo Pang Foo Steven
- 02 Mr Peh Kwee Chim
- 03 Mr Peh Siong Woon Terence
- 04 Mdm Joanna Young Sau Kwan
- 05 Ms Heng Su-Ling Mae
- 06 Mr Lim Kwee Siah



**MR LO PANG FOO STEVEN**<sup>01</sup>

*Non-Executive, Independent Director and Chairman*

Mr Lo Pang Foo Steven is a Non-Executive, Independent Director and the Chairman of Chuan Hup. He was appointed as a Non-Executive, Independent Director on 24 February 2017 and as Chairman on 1 July 2017. He was last re-elected on 19 October 2017. He is also the Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee.

Mr Lo is a Director of Drew & Napier LLC as well as the Head of the firm's Mergers and Acquisitions Practice. He has more than 20 years of legal experience. His practice focuses on corporate finance and mergers and acquisitions. He has extensive experience in both private and public merger and acquisition transactions in Singapore and the region. Mr Lo has a wide range of expertise and has also represented issuers, underwriters and selling shareholders in a variety of domestic and international capital markets transactions.

Mr Lo is a Non-Executive, Independent Director of PCI Limited ("PCI"). He is the Chairman of its Remuneration and Nominating Committees and a member of its Audit Committee.

Mr Lo graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree in 1995 and was admitted to the Singapore Bar in 1996. He subsequently obtained his Master of Laws degree from the University of Cambridge in 1998 and was admitted to the Roll of Solicitors in England and Wales in 2000 as a non-practising member.

**MR PEH KWEE CHIM**<sup>02</sup>

*Executive Director*

Mr Peh Kwee Chim is an Executive Director of Chuan Hup. He was one of the founders of Chuan Hup in 1970. He was appointed as an Executive Director on 1 August 1970 and as Managing Director in 1984. On 1 November 2005, he resigned as Managing Director and remained on the Board as an Executive Director. He was last re-elected on 19 October 2017. He is a member of the Nominating Committee.

Mr Peh is also the Executive Chairman of PCI and is a member of its Nominating Committee. He has been instrumental in building up the PCI Group.

Mr Peh graduated from the University of Western Australia in 1969 with a Bachelor of Engineering (Mechanical) degree.

**MR PEH SIONG WOON TERENCE**<sup>03</sup>

*Chief Executive Officer and Executive Director*

Mr Peh Siong Woon Terence is the Chief Executive Officer and Executive Director of Chuan Hup. As Chief Executive Officer, he is responsible for the day-to-day running of the business and for the overall performance of the Group. He was appointed on 1 November 2005. He was last re-elected on 20 October 2016 and will be due for re-election at the coming Annual General Meeting ("AGM").

Mr Peh has over 20 years of experience in property development investment and project management in Asia Pacific, and management experience in finance in the marine and electronics manufacturing services industries.

Mr Peh is the Executive Vice Chairman of PCI. He assists the Chairman of PCI in overseeing the strategic planning and business development of the PCI Group. Mr Peh is also a Non-Independent, Non-Executive Director of Pacific Star Development Limited and sits on its Audit, Nominating and Remuneration Committees. Mr Peh is also a Non-Executive Director of Finbar Group Limited, which is listed on the Australian Securities Exchange.

Mr Peh obtained his Bachelor of Commerce in Marketing degree from Curtin University of Technology, Australia in 1996 and his Master of Commerce in Finance degree from the University of New South Wales, Australia in 1997.

## BOARD OF DIRECTORS

### **MDM JOANNA YOUNG SAU KWAN** <sup>04</sup>

*Non-Executive, Independent Director*

Mdm Joanna Young Sau Kwan is a Non-Executive, Independent Director of Chuan Hup. She was appointed as a Director on 21 February 2003. She was last re-elected on 19 October 2017. She is also the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Mdm Young will be retiring at the coming AGM, and will not be seeking re-election.

Mdm Young has a wealth of experience in accounting, auditing and financial management. Mdm Young is the senior partner of her accounting firm. From 1969 to 1978, she gained extensive experience in the accounting profession during her employment with Evan Wong & Co and Turquand Youngs & Co. In 1978, she joined a garment manufacturing company taking charge of financial, administration and production duties before setting up her own practice in 1980.

Mdm Young is also a Non-Executive, Independent Director of PCI.

Mdm Young was a Non-Executive, Independent Director of CH Offshore Ltd from February 2005 to March 2015 and the Chairman of its Audit and Nominating Committees and a member of its Remuneration Committee.

Mdm Young was the Honorary Auditor of the Chinese Women's Association from August 1972 to May 2015.

Mdm Young studied Accountancy in Sydney Technical College and obtained her Accountancy Certificate in 1968. She was admitted to membership of the Australian Society of Accountants and the Singapore Society of Accountants in 1969. She is a Life Member of the Institute of Singapore Chartered Accountants, a Fellow Member of CPA Australia and an Accredited Tax Practitioner of the Singapore Institute of Accredited Tax Professionals.

### **MS HENG SU-LING MAE** <sup>05</sup>

*Non-Executive, Independent Director*

Ms Heng Su-Ling Mae is a Non-Executive, Independent Director of Chuan Hup. She was appointed as a Director on 3 April 2018 and will be due for re-election at the coming AGM. Ms Heng is a member of the Audit, Remuneration and Nominating Committees.

Ms Heng has over 16 years of experience working at Ernst & Young Singapore in the areas of audit, corporate finance and business advisory services.

Ms Heng is an Independent Director of HRnetGroup Limited. She is the Chairman of its Audit Committee and a member of its Nominating and Remuneration Committees. She is an Independent, Non-Executive Director of Ossia International Limited and is the Chairman of its Remuneration Committee and a member of its Audit and Nominating Committees. She is an Independent, Non-Executive Director of Apex Healthcare Berhad, which is listed on Bursa Malaysia. She is the Chairman of its Audit Committee and a member of its Remuneration Committee. She is also an Independent, Non-Executive Director of Pacific Star Development Limited. She is the Chairman of its Audit Committee and a member of its Remuneration and Nominating Committees. She also holds directorships in her family-owned investment holding companies.

Ms Heng graduated with a Bachelor of Accountancy degree from Nanyang Technological University in 1992 and is a Chartered Accountant of Singapore.

### **MR LIM KWEE SIAH** <sup>06</sup>

*Non-Executive Director*

Mr Lim Kwee Siah is a Non-Executive Director of Chuan Hup. He was appointed to this position on 28 December 2011. He was last re-elected on 20 October 2016 and will be due for re-election at the coming AGM. Mr Lim is a member of the Audit and Remuneration Committees.

Mr Lim has extensive experience in financial management, investment and property development.

Mr Lim was also a Non-Executive Director of PCI from August 1989 to December 2011, an Executive Director of Chuan Hup from November 1989 to October 2005 and a Non-Executive, Independent Director of Scomi Marine Bhd from September 2005 to January 2011.

Mr Lim graduated from the then University of Singapore in 1976 with a Bachelor of Accountancy degree and is a Fellow Chartered Accountant of Singapore.

## SENIOR MANAGEMENT

### MR ELDON WAN

*Chief Operating Officer*

Mr Eldon Wan is the Chief Operating Officer of Chuan Hup. He is responsible for developing, establishing and implementing the Group's operating policies, business plans and strategies.

Mr Wan joined Chuan Hup in May 2014 as Head, Corporate Development. He was responsible for generating and implementing strategies to improve overall corporate performance, to champion change management and to lead corporate planning to further the Company's goals. He also assisted the Chief Executive Officer in evaluating and developing new business opportunities, such as investments and partnerships to ensure continual growth and profitability of the Group. He was redesignated as Chief Operating Officer in August 2017.

Mr Wan is also an Executive Director of PCI. He is responsible for the management and operations of the PCI Group.

Mr Wan has over 20 years of experience in the finance and accounting sectors. He has cumulated industry experience in mergers and acquisitions, financial and management reporting, budgeting, taxation, treasury as well as corporate governance and risk management matters. Prior to joining the Group, he was the Group Chief Financial Officer of The Straits Trading Company Limited and Group Finance Manager of the Tecity Group.

Mr Wan graduated from the Nanyang Technological University of Singapore in 1995 with a Bachelor of Accountancy degree and is a Fellow Chartered Accountant of Singapore.

### MS VALERIE TAN MAY WEI

*Head, Legal and Corporate Secretarial and Group Company Secretary*

Ms Valerie Tan May Wei joined Chuan Hup on 15 July 1993 as Group Legal Manager and was appointed Group Company Secretary on 18 January 1994. She is responsible for all legal and secretarial matters of the Chuan Hup Group.

Prior to joining Chuan Hup, Ms Tan was Group Legal Manager and Company Secretary of Jurong Shipyard Ltd and Senior Legal Officer of Neptune Orient Lines Ltd. She has over 25 years of experience in legal and corporate secretarial matters.

Ms Tan is also the Company Secretary of PCI Limited. She was the Company Secretary of CH Offshore Ltd from 18 January 1994 to 29 May 2015.

Ms Tan graduated from the National University of Singapore in 1987 with a Bachelor of Law (Honours) degree and was admitted to the Singapore Bar in 1988.

### MS TENG YUUN YEAN

*Group Chief Financial Officer*

Ms Teng Yuun Yeun was appointed Group Chief Financial Officer on 1 January 2016. In this role, she oversees the financial planning and capital management, financial and management reporting, regulatory compliance, risk management and tax matters of the Group.

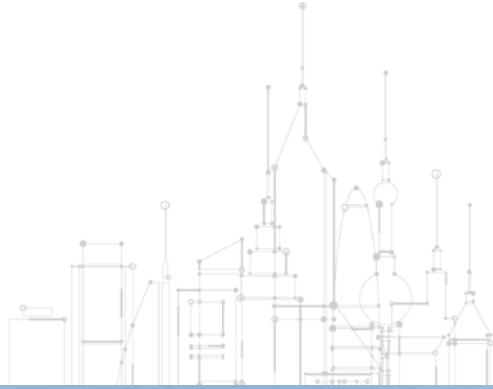
Ms Teng joined Chuan Hup on 1 July 2010 as Head, Risk Management, where she implemented the Group's financial risk management framework and other risk management procedures. She was also responsible for the Group's internal audit function.

Ms Teng was a Non-Executive Director of Finbar Group Limited from December 2015 to April 2018.

Ms Teng has more than 23 years of experience in the areas of accounting, finance, tax, mergers and acquisition, and risk management, in addition to auditing and management consulting.

Prior to joining Chuan Hup, Ms Teng was Vice President, Finance in The Straits Trading Company Limited. She was responsible for all aspects of statutory and management reporting, budgeting, risk management and tax matters in relation to its regional hospitality group, media business and its Australian property investments from 2000 to 2009. Prior to this, Ms Teng was an auditor with Foo, Kon & Tan and Ernst & Young in Perth, where she later became a member of its Management Consulting team.

Ms Teng graduated with a Bachelor of Commerce degree from the University of Western Australia in 1993. She is a Fellow Member of CPA Australia.



Panoramic views from Concerto Apartments



Artist's impression of Unison on Kennedy

# FOCUS ON **SUSTAINABILITY**

We remain firm in our commitment to invest in quality assets and expand our diversified businesses and markets to drive long-term growth.



SHAREHOLDERS' EQUITY

USD **285.6**  
Million

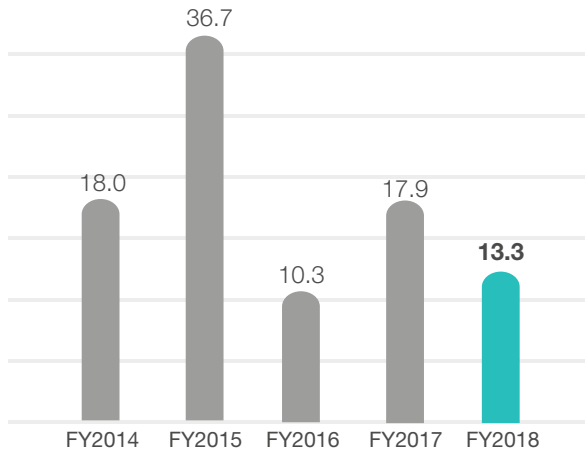


*The SOHO Collection at Puteri Cove Residences features 56 exclusive freehold SOHOs / Lofts overlooking stunning views of ONE\*15 Puteri Harbour private marina*

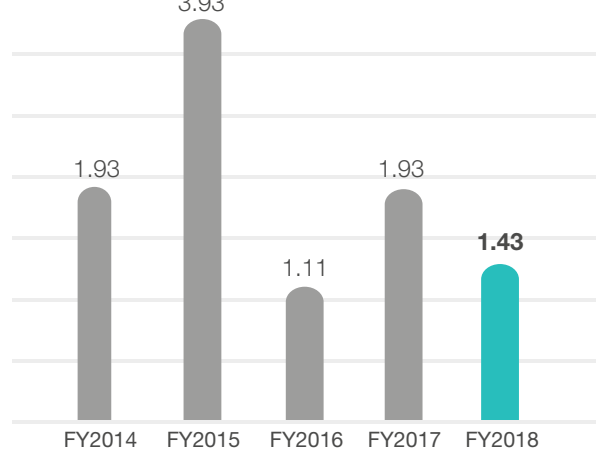
# GROUP FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE	2018 US\$'000	2017 US\$'000	2016 US\$'000	2015 US\$'000	2014 US\$'000
<b>INCOME STATEMENT</b>					
<b>Revenue</b>					
Electronics manufacturing services	288,673	198,776	180,091	189,228	178,649
Property	53,193	81,005	53,844	37,931	19,160
Investment	3,432	3,408	4,573	7,843	4,804
	345,298	283,189	238,508	235,002	202,613
<b>Profit/(Loss) After Tax</b>					
Electronics manufacturing services	18,257	10,777	5,647	11,178	4,906
Property	5,905	8,703	5,656	3,507	2,417
Investment	(6,634)	954	321	24,622	11,866
	17,528	20,434	11,624	39,307	19,189
<b>Profit Attributable to Equity Holders of the Company</b>	13,274	17,928	10,286	36,659	18,023
<b>BALANCE SHEET</b>					
<b>Non-current assets</b>					
Investment properties	24,196	23,816	24,301	24,386	–
Associates	62,447	58,709	33,230	–	49,375
Investment securities	26,789	28,964	48,150	58,167	81,246
Other non-current assets	29,043	56,635	42,234	26,592	17,980
<b>Current assets</b>					
Development properties	25,882	66,116	33,827	39,801	39,486
Inventories	38,793	36,809	31,069	27,193	27,753
Investment securities	19,663	11,255	29,019	19,402	11,480
Other current assets	61,885	61,387	55,560	38,696	35,086
Cash and cash equivalents	116,958	102,639	76,007	158,494	123,127
<b>Total Assets</b>	405,656	446,330	373,397	392,731	385,533
Borrowings	7,633	7,720	8,000	11,634	–
Other current liabilities	87,115	120,562	62,151	54,324	50,522
Other non-current liabilities	1,846	2,251	2,573	2,137	2,857
Equity attributable to equity holders of the Company	285,586	295,401	280,779	304,425	310,471
Non-controlling interests	23,476	20,396	19,894	20,211	21,683
<b>Total Equity and Liabilities</b>	405,656	446,330	373,397	392,731	385,533
<b>Per Ordinary Share</b>					
Net tangible assets per share (US cents)	30.77	31.82	30.19	32.61	33.26
Earnings per share (US cents)	1.43	1.93	1.11	3.93	1.93
Final dividend per share (SG cents)	1	1	1	1	1
Special dividend per share (SG cents)	–	2	–	2	–
<b>Financial Ratios</b>					
Dividend payout ratio (%)	51.3	112.8	67.0	56.8	41.5
Return on total assets (%)	3.3	4.0	2.7	9.3	4.7
Return on average equity (%)	4.6	6.2	3.5	11.9	6.0

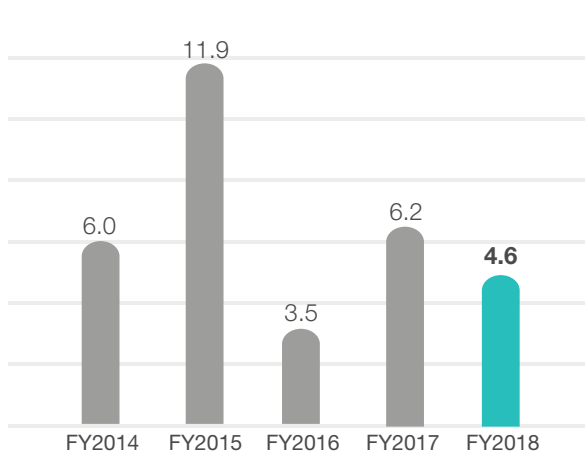
**PROFIT ATTRIBUTABLE TO SHAREHOLDERS  
(US\$ MILLION)**



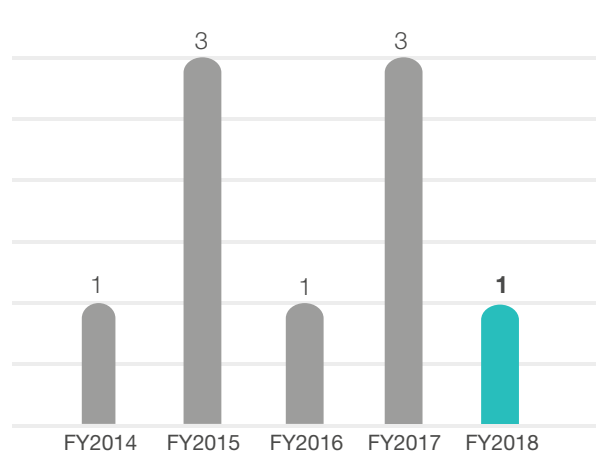
**EARNINGS PER SHARE  
(US CENTS)**



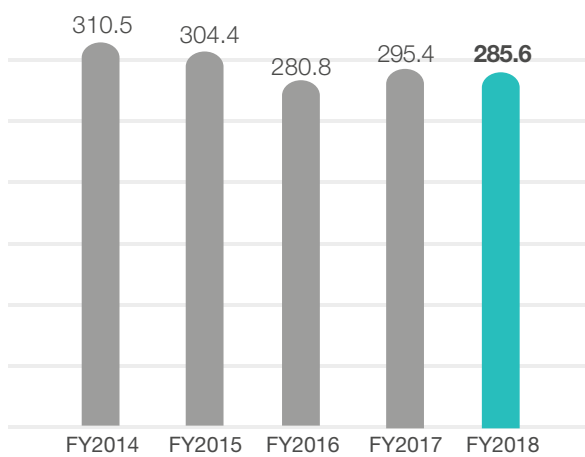
**RETURN ON AVERAGE EQUITY  
(%)**



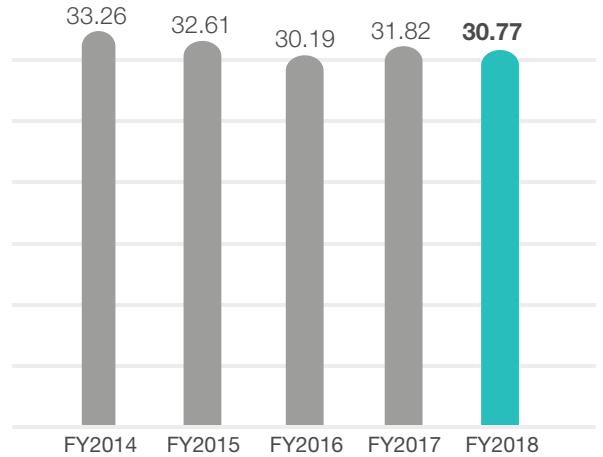
**DIVIDEND PER SHARE  
(SG CENTS)**



**SHAREHOLDERS' EQUITY  
(US\$ MILLION)**



**NET TANGIBLE ASSETS PER SHARE  
(US CENTS)**



# ASIA PACIFIC MAP

With headquarters in Singapore, Chuan Hup has established regional presence in various countries through partnerships and strategic collaborations. **This allows us to reap the opportunities present and tap into the growing middle class in the region.**





# FINANCIAL CALENDAR

**Financial Year End**  
30 June 2018

**Announcement of First Quarter Financial Results**  
13 November 2017

**Announcement of Half Year Financial Results**  
13 February 2018

**Announcement of Third Quarter Financial Results**  
10 May 2018

**Announcement of Full Year Financial Results**  
28 August 2018

**Dispatch of Annual Report to Shareholders**  
1 October 2018

**Annual General Meeting**  
18 October 2018

**Book Closure to Register Members for Final Dividend**  
1 November 2018

**Proposed Payment of Final Dividend**  
13 November 2018



*A selection of units in The SOHO collection in Puteri Cove Residences opens up to a private jet pool*

## CORPORATE DATA

### BOARD OF DIRECTORS

**Mr Lo Pang Foo Steven**  
(Non-Executive, Independent  
Director and Chairman)

**Mr Peh Kwee Chim**  
(Executive Director)

**Mr Peh Siong Woon Terence**  
(Chief Executive Officer and  
Executive Director)

**Mdm Joanna Young Sau Kwan**  
(Non-Executive, Independent Director)

**Ms Heng Su-Ling Mae**  
(Non-Executive, Independent Director)

**Mr Lim Kwee Siah**  
(Non-Executive Director)

### AUDIT COMMITTEE

**Mdm Joanna Young Sau Kwan**  
(Chairman)

**Mr Lim Kwee Siah**

**Mr Lo Pang Foo Steven**

**Ms Heng Su-Ling Mae**

### REMUNERATION COMMITTEE

**Mr Lo Pang Foo Steven**  
(Chairman)

**Mdm Joanna Young Sau Kwan**

**Mr Lim Kwee Siah**

**Ms Heng Su-Ling Mae**

### NOMINATING COMMITTEE

**Mr Lo Pang Foo Steven**  
(Chairman)

**Mr Peh Kwee Chim**

**Mdm Joanna Young Sau Kwan**

**Ms Heng Su-Ling Mae**

### COMPANY SECRETARY

**Ms Valerie Tan May Wei**

### REGISTERED OFFICE

35 Pioneer Road North  
Singapore 628475  
Telephone: (65) 6559 9700  
Facsimile: (65) 6268 1937  
Website: [www.chuanhup.com.sg](http://www.chuanhup.com.sg)  
Email: [corpsec\\_legal@chuanhup.com.sg](mailto:corpsec_legal@chuanhup.com.sg)

### SHARE REGISTRAR

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

### AUDITOR

**Ernst & Young LLP**  
One Raffles Quay,  
North Tower, Level 18  
Singapore 048583

### PARTNER-IN-CHARGE:

Mr Terry Wee Hiang Bing  
Appointed with effect from the financial  
year ended 30 June 2015



Signa Designer  
Residences  
Massage Room



Signa Designer Residences Game Room



Signa Designer Residences Gym

# CORPORATE GOVERNANCE REPORT

Chuan Hup is committed to maintaining high standards of corporate governance to ensure greater transparency and maximise long-term shareholder value.

This report describes Chuan Hup's key corporate governance practices for the financial year ended 30 June 2018 with reference to the principles set out in the Singapore Code of Corporate Governance 2012 (the "Code"). Unless otherwise stated in the Report below, the Company has complied in all material aspects with the principles and guidelines of the Code.

## BOARD MATTERS

### The Board's Conduct of Affairs

(Principle 1)

The Board oversees the business affairs of the Group. It provides leadership and guidance to Management, sets strategic objectives and ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews Management performance. The Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed. The Board also sets the Company's values and standards, ensures that obligations to its shareholders and other key stakeholders are understood and met and considers sustainability issues, such as environmental and social factors, as part of its strategic formulation.

The Board is responsible for the Group's overall performance objectives, key operational initiatives, financial plans and annual budgets, major investments, divestments and major funding proposals, financial performance reviews, risk management and corporate governance practices. Each Director exercises his independent judgement to act in good faith and the best interest of the Company to enhance the long-term value of the Group to its shareholders.

The Board is supported by the Board Committees established to assist the Board in discharging its responsibilities of overseeing the Group's affairs and enhancing corporate governance. These Committees are the Audit Committee, the Remuneration Committee and the Nominating Committee.

The Board conducts regular scheduled meetings on a quarterly basis. Where necessary, additional Board meetings are held to deliberate on any ad hoc significant matters. Attendance by conference telephone and video conference at Board meetings is allowed under Chuan Hup's Constitution. An aggregate of 4 Board meetings was held for the financial year ended 30 June 2018 ("FY 2018"). The Directors' attendance at Board meetings and meetings of the various Board Committees during FY 2018 are as follows:

### Board Meetings

Directors	No. of Meetings Held	No. of Meetings Attended
Mr Lo Pang Foo Steven	4	4
Mr Peh Kwee Chim	4	4
Mr Peh Siong Woon Terence	4	4
Mdm Joanna Young Sau Kwan	4	4
Ms Heng Su-Ling Mae <sup>(1)</sup>	1	1
Mr Lim Kwee Siah	4	4

# CORPORATE GOVERNANCE REPORT

## Board Committee Meetings

Directors	Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
	Mr Lo Pang Foo Steven	5	5	1	1	1
Mr Peh Kwee Chim	–	–	–	–	1	1
Mdm Joanna Young Sau Kwan	5	5	1	1	1	1
Ms Heng Su-Ling Mae <sup>(1)</sup>	1	1	–	–	1	1
Mr Lim Kwee Siah	5	5	1	1	–	–

### Note:

<sup>(1)</sup> Ms Heng Su-Ling Mae was appointed as a Non-Executive, Independent Director and as a member of the Audit, Remuneration and Nominating Committees on 3 April 2018.

The Company has established authorisation and approval limits for borrowings, investments, acquisitions, disposals, capital and operating expenditures and expenses. The Board approves significant investments and transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management to facilitate operational efficiency. Matters that are specifically reserved for the Board's decision include, in particular, interested person transactions, the Group's annual budget, material acquisitions and disposals of assets, corporate restructuring, share issuances and dividend payments.

Upon appointment, each Director receives a formal letter setting out the Directors' duties and responsibilities. All newly-appointed Directors undergo an orientation programme, which includes Management presentations on the Group's businesses, strategic plans and objectives. Training is provided for first-time Directors in areas such as accounting, legal and industry-specific knowledge as appropriate. As part of training for the Board, Directors are briefed from time to time on changes to laws, regulations, guidelines and accounting standards, as well as relevant trends or changing commercial risks during Board meetings or at specially convened sessions. Directors are also encouraged to attend, at the Company's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations. The Company Secretary will bring to Directors' attention information on seminars that may be of relevance or use to them. Articles and reports relevant to the Group's business are also circulated to the Directors for information.

During FY2018, the development or training programmes for the Directors included the following:

- Briefings on developments in accounting and governance standards presented by the Company's external auditor at Audit Committee Meetings
- Visit to PCI Limited's manufacturing plant in Kunshan, China
- Public conferences and briefings on topics such as corporate governance and compliance, sustainability reporting, risk management and internal controls and financial reporting updates

# CORPORATE GOVERNANCE REPORT

## Board Composition and Guidance

(Principle 2)

There is a strong and independent element on the Board, with independent Directors making up at least one-third of the Board.

The Board currently comprises 6 Directors, 3 of whom are Non-Executive, Independent Directors, 1 of whom is a Non-Executive Director and 2 of whom are Executive Directors. The Non-Executive, Independent Directors are Mr Lo Pang Foo Steven, Mdm Joanna Young Sau Kwan and Ms Heng Su-Ling Mae, who was appointed to the Board on 3 April 2018. The Non-Executive Director is Mr Lim Kwee Siah. The Executive Directors are Mr Peh Kwee Chim and Mr Peh Siong Woon Terence.

Mdm Joanna Young Sau Kwan will be retiring at the forthcoming Annual General Meeting and will not be seeking re-election.

The Nominating Committee determines, on an annual basis, whether or not a Director is independent bearing in mind the Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a Director not to be independent.

In this connection, the Committee noted that Mr Lo Pang Foo Steven and Mdm Joanna Young Sau Kwan are Non-Executive, Independent Directors of PCI Limited ("PCI"), a listed subsidiary of the Company. During FY 2018, the Company provided consultancy services to PCI. The aggregate value of the transaction was not significant compared to the revenues of the Company and PCI. Mr Lo and Mdm Young were not involved in the decision making of the transaction between the Company and PCI.

The Nominating Committee also noted that Mr Lo is a Director of Drew & Napier LLC, which is one of the law firms providing legal services to the Group. Mr Lo declared to the Nominating Committee that he does not have a 10% stake in Drew & Napier LLC, did not involve himself in the selection and appointment of legal counsel for the Group, and the legal fees that Drew & Napier LLC received from the Group in FY 2018 were not significant under the guidelines provided by the Code.

The Committee also noted that Mdm Joanna Young Sau Kwan has served as an Independent Director on the Board of the Company since her appointment in 2003. The Committee has subjected her independence to particularly rigorous review and established that despite serving as Director for more than nine years, Mdm Young continued to demonstrate strong independence in character and judgement in the discharge of her responsibilities as Director of the Company.

The Committee also took into account Mr Lo's and Mdm Young's actual performance on the Board and Board Committees, and agreed that Mr Lo and Mdm Young have at all times exercised independent judgement in the best interests of the Company in the discharge of their Director's duties and should therefore be deemed Independent Directors.

The Committee noted that Ms Heng Su-Ling Mae is an Independent, Non-Executive Director of Pacific Star Development Limited ("PSDL"). The Company's subsidiary, CH Biovest Pte. Limited ("CHB") has a 35.5% interest in PSDL. The investment in PSDL by CHB was made independent of Ms Heng's association with PSDL. The Committee is of the view that the above relationship does not impact Ms Heng's ability to act with independent judgement in the discharge of her responsibilities as a Director. The Committee is also of the view that Ms Heng has shown that she is able to exercise strong independent judgement in her deliberations and act in the best interests of the Company.

Mr Lo, Mdm Young and Ms Heng had each abstained from the discussions and taking a decision in respect of his or her own independence.

The Board concurred with the reasons set forth by the Nominating Committee and was of the view that Mr Lo Pang Foo Steven, Mdm Joanna Young Sau Kwan and Ms Heng Su-Ling Mae should be deemed independent.

## CORPORATE GOVERNANCE REPORT

The Board is of the view that taking into account the nature and scope of the Company's operations, the present Board size is appropriate and facilitates effective decision making.

The Board is satisfied that the Board and its Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company as well as core competencies such as accounting or finance, law, business or management experience, industry knowledge and strategic planning experience, required for the Board and Board Committees to be effective.

For FY 2018, the Non-Executive Directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of Management. They have unrestricted access to Management and have sufficient time and resources to discharge their oversight function effectively.

Non-Executive Directors meet without the presence of Management periodically.

### **Chairman and Chief Executive Officer**

(Principle 3)

The Chairman of the Board is a non-executive appointment and is separate from the Chief Executive Officer function in Chuan Hup. There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman leads the Board and is responsible for ensuring the effectiveness of the Board. He approves the agenda for the Board meetings and ensures sufficient time is allocated for discussion of all agenda items. He promotes an open environment for debate and ensures that the Non-Executive Directors are able to speak freely and contribute effectively. He ensures effective communication with shareholders, encourages constructive relations between the Board and Management and between the Directors and promotes high standard of corporate governance. The Chief Executive Officer leads the Management team and implements the Board's decisions. He is responsible for the day-to-day operations and business and the overall performance of the Group. The Chairman and the Chief Executive Officer are not related.

The Board does not have a lead independent director. The Nominating Committee and the Board are of the view that the appointment of a lead independent director is not necessary as the Board has sufficient independence given that (a) the Chairman and the Chief Executive Officer are separate persons; (b) the Chairman and the Chief Executive Officer are not family members; (c) the Chairman is not part of the Management team and (d) the Chairman is an Independent Director.

### **Board Membership**

(Principle 4)

At the date of this Report, the Nominating Committee comprises Mr Lo Pang Foo Steven (Committee Chairman), Mr Peh Kwee Chim, Mdm Joanna Young Sau Kwan and Ms Heng Su-Ling Mae (who was appointed to the Nominating Committee on 3 April 2018). The majority of the Nominating Committee members including the Chairman, are Non-Executive, Independent Directors.

The Nominating Committee's functions include reviewing Board succession plans for Directors, the Chairman and the Chief Executive Officer, evaluating the performance of the Board, Board Committees and Directors, reviewing training and professional development programmes for the Board, considering and making recommendations to the Board concerning the appointment and re-appointment of Directors and determining the independence of the Directors and progressive renewal of the Board. The role and functions of the Nominating Committee are set out in its Terms of Reference.

The Nominating Committee oversees the process for the appointment of new Directors. This process includes an evaluation of the candidate's capabilities by taking into consideration diversity of skills, experience, background, age, gender and other relevant factors and how the candidate fits into the overall desired competency matrix of the Board. The Nominating Committee may recourse to both internal as well as external sources to draw up a list of potential candidates. Short-listed candidates would be required to furnish their curriculum vitae stating in detail their qualifications, working experience, employment history, in addition to completing certain prescribed forms to enable the Nominating Committee to assess the candidate's independence status.

# CORPORATE GOVERNANCE REPORT

In evaluating a Director's competencies, commitment, contribution and performance for the purpose of re-appointment, the Nominating Committee takes into consideration a variety of factors such as attendance, preparedness, participation and candour.

At each Annual General Meeting ("AGM") of the Company, not less than one third of the Directors for the time being (being those who have been longest in office since their last re-election) are required to retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. Also, all newly appointed Directors during the year will hold office only until the next AGM and will be eligible for re-election.

Key information on the Directors is set out on pages 15 and 16 of this Annual Report.

The Nominating Committee has reviewed each Director's outside directorships, their principal commitments and attendance and contribution to the Board. The Nominating Committee is satisfied that all Directors have carried out their duties adequately, contributing to the effectiveness of the Board and Board Committees. The Directors had demonstrated their commitment to the Company and availability to attend to the affairs of the Company, both at formal meetings and informally. The Nominating Committee therefore does not recommend setting a limit on the number of listed company board representations that a Director may hold.

The Board does not encourage the appointment of Alternate Directors. No Alternate Director is currently being appointed to the Board.

## **Board Performance**

(Principle 5)

The Board has implemented a process in consultation with the Nominating Committee, for assessing the effectiveness of the Board, its Board Committees and the Directors' contribution to the effectiveness of the Board on an annual basis. To provide feedback to aid in this assessment, each Director is required to complete a questionnaire. The Evaluation Questionnaire considers factors such as the size and composition of the Board, Board processes and accountability, Board and Board Committees' development and effectiveness, information management, decision-making processes, risk and crisis management and communication with Senior Management and shareholders. The evaluation and feedback are then consolidated and presented to the Board for discussion on areas of strengths and weaknesses to improve the effectiveness of the Board and its Committees. The Chairman would act on the results of the performance evaluation, and in consultation with the Nominating Committee, propose where appropriate, new members to be appointed to the Board or seek the resignation of Directors in order to enhance the effectiveness of the Board and its Committees. No external facilitator has been used for the purpose of Board assessment in FY 2018. The Nominating Committee periodically reviews and improves the Board Evaluation Questionnaire as necessary. The Nominating Committee has decided for the time being that in view of the background, experience and expertise of each Director, it would not be necessary to assess the individual performance of each Director.

For the long-term success and value creation of the Company, the Board believes that its performance is reflected in, and evidenced by proper guidance, diligent oversight and able leadership of the Company, and the support that it lends to Management in steering the Company to achieve strategic goals. Having regard to its composition and mix, the Board has endeavoured through each Director's contributions and diversity of experience, to ensure that balanced and well-considered decisions are made in the best interests of the Company.

## **Access to Information**

(Principle 6)

The Directors are provided with Board papers and related materials, background or explanatory information in advance of each Board Meeting to enable them to be properly informed of matters to be discussed and/or approved, as well as ongoing reports relating to operational and financial performance of the Group. The Board has separate and independent access to Senior Management and the Company Secretary at all times. The Company Secretary also assists the Chairman by ensuring good information flows within the Board and its Committees, and between Senior Management and the Non-Executive Directors. The Company Secretary attends and prepares minutes for all Board and Board Committee Meetings, advises the Board on governance matters and ensures that Board procedures are followed and that applicable rules and regulations are complied with. Under the Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

Directors, either individually or as a group, in the furtherance of their duties can take independent professional advice, if necessary, at the Company's expense.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION MATTERS

(Principles 7, 8 and 9)

At this date of this Report, the Remuneration Committee comprises Mr Lo Pang Foo Steven (Committee Chairman), Mdm Joanna Young Sau Kwan, Mr Lim Kwee Siah and Ms Heng Su-Ling Mae (who was appointed to the Remuneration Committee on 3 April 2018), all of whom are Non-Executive and the majority of whom, including the Chairman, are Independent Directors.

The duties of the Remuneration Committee include the following:

- (a) Reviewing and recommending to the Board for endorsement a general framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses and benefits in kind;
- (b) Reviewing and recommending to the Board for endorsement the specific remuneration packages for each Director, as well as for the key management personnel; and
- (c) Reviewing the level and mix of remuneration and benefits, policies and practices of the Company.

The role and functions of the Remuneration Committee are set out in its Terms of Reference, which set out its authority and duties.

If required, the Remuneration Committee will seek expert advice inside or outside the Company on remuneration of all Directors and key management personnel.

The Remuneration Committee reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of services, to ensure that such contracts of services contain fair and reasonable termination clauses, if any.

The objective of the Group's remuneration policy is to ensure that the level and structure of the remuneration are aligned with the long-term interests and risk policies of the Company, and that the remuneration is able to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company and Group as a whole.

The remuneration packages of Executive Directors and key management personnel of the Group comprise two components. One component is fixed in the form of a base salary. The other component is variable comprising short-term and medium-term incentives, which are dependent on the financial performance of the Group and individual performance. The Remuneration Committee strongly supports and endorses the flexible wage system because it gives the Company more flexibility to ride through economic downturns. The Remuneration Committee has adopted profitability and net asset growth of the Group over the short and medium term as key performance measures. This aligns remuneration with the interests of the shareholders and promotes the long-term sustainable growth of the Group.

Presently, the Company does not have any share incentive option or other share schemes for its employees. The Remuneration Committee will review and recommend the implementation of a scheme if it deems necessary.

For FY 2018, there were no termination, retirement and post-employment benefits granted to Directors, the Chief Executive Officer and the top three key management personnel (who are not Directors or the Chief Executive Officer).



# CORPORATE GOVERNANCE REPORT

Non-Executive Directors are paid a fixed fee, taking into account the effort, time spent and responsibilities of each Non-Executive Director. Non-Executive Directors are not overly compensated to the extent that their independence may be compromised. The fees of Non-Executive Directors are subject to shareholders' approval at the AGM. The Company does not have a retirement remuneration plan for Non-Executive Directors. Executive Directors do not receive any Directors' fees. No individual Director fixes his own remuneration.

Having reviewed and considered the variable components of remuneration of the Executive Directors and key management personnel, which are moderate, the Remuneration Committee is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company.

A percentage breakdown of the fixed and variable components of the Directors' and the Chief Executive Officer's remuneration is disclosed below in bands of US\$180,000. In FY 2018, the top three key management personnel (who are not Directors or the Chief Executive Officer) are Mr Eldon Wan, Ms Valerie Tan May Wei and Ms Teng Yuun Yean. In disclosing the remuneration of the top three key management personnel in bands of US\$180,000, the Company provides a macro perspective without compromising the Group's business interests and minimises the highly competitive pressures which would arise from more detailed disclosures. The Board is also of the view that it is in the best interests of the Company not to fully disclose the remuneration of each Director, the Chief Executive Officer and the aggregate total remuneration paid to the top three key management personnel (who are not Directors or the Chief Executive Officer), given the sensitive nature of employee remuneration matters and possible pressures from both within and outside the Group upon disclosing such information.

Excluding Mr Peh Kwee Chim and Mr Peh Siong Woon Terence who are immediate family members, there was no employee of the Company and its subsidiaries who was an immediate family member of a Director or the Chief Executive Officer and whose remuneration exceeded US\$36,000 during FY2018.

## Remuneration paid or accrued to Directors and the Chief Executive Officer by the Group for the financial year ended 30 June 2018

Directors/ Chief Executive Officer of Company	Fixed Component <sup>(1)</sup> (%)	Variable Component <sup>(2)</sup> (%)	Directors' Fees (%)	Total Compensation (%)
<b>US\$1,800,000 to US\$1,979,999</b>				
Mr Peh Kwee Chim	41	59	–	100
<b>US\$1,620,000 to US\$1,799,999</b>				
Mr Peh Siong Woon Terence (Chief Executive Officer and Executive Director)	38	62	–	100
<b>Below US\$180,000</b>				
Mr Lo Pang Foo Steven	–	–	100	100
Mdm Joanna Young Sau Kwan	–	–	100	100
Ms Heng Su-Ling Mae <sup>(3)</sup>	–	–	100	100
Mr Lim Kwee Siah	–	–	100	100

### Notes:

<sup>(1)</sup> Fixed component refers to base salary, allowances, benefits in kind and employer CPF.

<sup>(2)</sup> Variable component refers to variable bonus and employer CPF.

<sup>(3)</sup> Ms Heng Su-Ling Mae was appointed as Director on 3 April 2018.

# CORPORATE GOVERNANCE REPORT

## Remuneration paid or accrued to the top three Key Management Personnel (who are not Directors or the Chief Executive Officer) by the Group for the financial year ended 30 June 2018

Remuneration Bands/ Key Management Personnel	Fixed Component <sup>(1)</sup> (%)	Variable Component <sup>(2)</sup> (%)	Total Compensation (%)
Between US\$1,260,000 to US\$1,439,999 1	43	57	100
Between US\$360,000 to US\$539,999 1	59	41	100
Between US\$180,000 to US\$359,999 1	63	37	100

### Notes:

<sup>(1)</sup> Fixed component refers to base salary, allowances, benefits in kind and employer CPF.

<sup>(2)</sup> Variable component refers to variable bonus and employer CPF.

## ACCOUNTABILITY AND AUDIT

### Accountability

(Principle 10)

The Board through its timely release of the Company's and the Group's quarterly and full year results, aims to provide shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements including the listing rules of the SGX-ST.

Chuan Hup recognises the importance of providing the Board with a continual flow of relevant information on an accurate and timely basis in order that it may effectively discharge its duties. Management provides the Board with management accounts on a regular basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

### Risk Management and Internal Controls

(Principle 11)

The Board has overall responsibility for the governance of the Group's risk management and internal controls. The Board and Management of the Company are fully committed to maintaining sound risk management and internal control systems to safeguard shareholders' interests and the Group's assets.

The Board determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board has implemented an Enterprise Risk Management Framework for the identification, assessment, monitoring and reporting of financial, operational, information technology and compliance risks. The Company maintains a risk register which identifies the material risks facing the Group and the internal controls in place to manage or mitigate those risks. Management reviews and updates the risk register regularly and updates the Board.

# CORPORATE GOVERNANCE REPORT

On an annual basis, the Group's internal auditor prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the Audit Committee and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, compliance and information technology risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditor in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the Audit Committee and significant findings are discussed at the Audit Committee meetings. Management follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the Audit Committee.

The Board has received assurance from the Chief Executive Officer and the Group Chief Financial Officer that:

- (a) The financial records of the Group have been properly maintained and the financial statements for the year ended 30 June 2018 give a true and fair view of the Group's operations and finances; and
- (b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the risk management and internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and the Board Committees as well as the assurance received from the Chief Executive Officer and the Group Chief Financial Officer, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management and internal controls systems were adequate and effective as at 30 June 2018 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

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

## **Audit Committee**

(Principle 12)

At the date of this Report, the Audit Committee comprises Mdm Joanna Young Sau Kwan (Committee Chairman), Mr Lim Kwee Siah, Mr Lo Pang Foo Steven and Ms Heng Su-Ling Mae (who was appointed to the Audit Committee on 3 April 2018), all of whom are Non-Executive, and the majority of whom, including the Chairman, are Independent Directors. Mdm Joanna Young Sau Kwan, Mr Lim Kwee Siah and Ms Heng Su-Ling Mae have recent and relevant accounting or related financial management expertise and in-depth experience. Mr Lo Peng Foo Steven has in-depth knowledge of the responsibilities of the Audit Committee and practical experience and knowledge of the issues and considerations affecting the Committee.

The role of the Audit Committee is documented in its Terms of Reference, which define the purpose, authority and responsibilities of the Audit Committee.

The Audit Committee has full access to and co-operation by Management. The Audit Committee also has full discretion to invite any Director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The Audit Committee meets with the internal and external auditors without the presence of Management annually.

## CORPORATE GOVERNANCE REPORT

The Audit Committee held five meetings during FY 2018. During FY 2018, the Audit Committee performed its functions and responsibilities, which include the following:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls and risk management system;
- (c) reviewing the effectiveness of the Company's internal audit function;
- (d) reviewing the scope and results of the external audit, independence and objectivity of the external auditor;
- (e) making recommendations to the Board on the proposals to the shareholders relating to the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- (f) reviewing and approving processes to regulate interested person transactions and to ensure compliance with the applicable regulations;
- (g) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with a view to ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The Audit Committee discussed the key audit matters for FY 2018 with Management and the external auditor. The Audit Committee concurs with the basis and conclusions included in the auditor's report with respect to key audit matters.

For more information on the key audit matters, please refer to pages 43 to 45 of this Annual Report.

The Audit Committee considered the volume of non-audit services provided by the external auditor to the Group, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor, confirmed their re-nomination. The aggregate amount of fees paid to the external auditor in FY 2018 and a breakdown of the fees paid in respect of audit and non-audit services are stated in the notes to the financial statements.

Some of the Company's subsidiaries and its significant associated company, Finbar Group Limited, are audited by different audit firms. The names of these audit firms are listed on page 85 and 87 of the Annual Report. The Board and the Audit Committee are satisfied that the appointment of these auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Board confirms that Rule 712 and Rule 715 read with Rule 716 of the SGX-ST Listing Manual have been complied with.

The Audit Committee has nominated Ernst and Young LLP for re-appointment as external auditor of the Company at the forthcoming AGM.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the Audit Committee, and highlighted by the external auditor in their meetings with the Audit Committee.

None of the Audit Committee members was a former partner of the Company's existing external auditor, Ernst and Young LLP, within the previous 12 months or has any financial interest in the firm.

# CORPORATE GOVERNANCE REPORT

## Interested Person Transactions Policy

The Company has procedures in place to comply with the SGX-ST Listing Manual requirements relating to interested person transactions of the Company.

The aggregate value of interested person transactions (“IPTs”) entered into during the financial year under review is as follows:

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000/US\$75,000) and transactions conducted under shareholders’ mandate pursuant to Rule 920 S\$’000/US\$’000	Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000/ US\$75,000) S\$’000/US\$’000
Mr Lim Kwee Siah - provision of consultancy services	158/118	NIL

## Whistleblowing Policy

The Company has implemented a whistleblowing policy, which serves to encourage and provide a channel to staff of the Company and any other persons to report in good faith and in confidence, without fear of reprisals, concerns about possible wrongdoing or breach of applicable laws, regulations, policies or other matters. The objectives for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. Reports can be made by mail to Chuan Hup Holdings Limited at 35 Pioneer Road North, Singapore 628475 and addressed to the Chairman of the Audit Committee.

## Internal Audit

(Principle 13)

The internal audit function of the Company is outsourced to RSM Risk Advisory Pte Ltd (the “Internal Auditor”), which is independent of Management. The appointment, removal, evaluation and compensation of the Internal Auditor is approved by the Audit Committee. The Audit Committee’s oversight and supervision of the Group’s internal controls are complemented by the work of the Internal Auditor, whose role is to assist the Audit Committee to ensure that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee.

The Internal Auditor’s primary line of reporting is to the Chairman of the Audit Committee. The Audit Committee meets the Internal Auditor at least once annually without the presence of Management. The Internal Auditor has unfettered access to the Audit Committee, the Board and Management as well as the Group’s documents, records, properties and personnel.

The Internal Auditor carries out its function according to the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

During the financial year, the Internal Auditor conducted its audit review based on the internal audit plan approved by the Audit Committee. The Internal Auditor submitted its internal audit report to the Audit Committee on audit findings and actions taken by Management on the findings.

For FY 2018, the Audit Committee was satisfied that the internal audit function was adequately resourced and had appropriate standing within the Group and co-operation of the Management to carry out its duties effectively.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings

(Principles 14, 15 and 16)

The Company is committed to treating all shareholders fairly and equitably. The Company recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements. The Company is committed to providing shareholders with timely, adequate and relevant information pertaining to changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares to enable shareholders to make informed decisions in respect of their investments in the Company. It does not practise selective disclosure of price-sensitive information.

The Company strongly encourages and supports shareholder participation at general meetings. Shareholders are informed of general meetings through published notices in the annual reports or circulars sent to all shareholders. The notice of general meeting, which sets out all items of business to be transacted at the general meeting, is also released via SGXNET and published in The Business Times. Shareholders are informed of the rules, including voting procedures, that govern general meetings of shareholders.

A shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies (who can either be named individuals nominated by the shareholder to attend the meeting or the Chairman of the meeting as the shareholder may select). The Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold Chuan Hup shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at the general meetings.

In line with the continuous disclosure obligation of the Group, the Board's policy is that shareholders be informed promptly all major developments that impact the Company and its subsidiaries. The Company communicates information to shareholders and the investing community through timely release of announcements that are released to the SGX-ST via SGXNET. Such announcements include the quarterly and full year results, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST. Annual Reports are issued within the mandatory period. The Company also maintains a website at [www.chuanhup.com.sg](http://www.chuanhup.com.sg) where the public can access information on the Group including the announcements made to SGX-ST. Enquiries from investors, shareholders and analysts are handled by specifically designated members of Senior Management in lieu of a dedicated investor relations team. Should an inadvertent disclosure be made to a select group, the Company will make the same disclosure publicly as promptly as possible.

The Company's policy on the payment of dividends (excluding special dividends) is to endeavour – barring unforeseen circumstances – to pay up to fifty percent (50%) of net profit after tax. In considering the level of dividend payments, the Board takes into account various factors including the level of available cash, the return on equity and retained earnings and projected level of capital expenditure and other investment plans.

The Company's main forum for dialogue and interaction with shareholders takes place at its AGM, where the members of the Board, the Chairman of each Board Committee, Senior Management and the external auditor are in attendance. At the AGM, shareholders are given the opportunity to air their views and ask questions regarding the Company. The external auditor is present to address shareholders' queries on the conduct of audit and the preparation and content of the auditor's report.

The Board ensures that there are separate resolutions at general meetings on each substantially separate issue to safeguard shareholder interests and rights. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company prepares minutes of general meetings, that include substantial and relevant comments or queries from shareholders relating to the agendas of the meeting and responses from the Board and Management. These minutes are available to shareholders upon their request.

# CORPORATE GOVERNANCE REPORT

To ensure transparency in the voting process, and better reflect shareholders' interests, the Company puts all resolutions at general meetings to vote by electronic poll voting. An independent scrutineer is also appointed to count and validate the votes cast at the meetings. Detailed results showing the number of votes cast for and against each resolution and the respective percentage will be displayed live-on-screen to shareholders/proxies immediately after each poll conducted. The polling results are also announced on the SGX-ST and the Company's website. However, as the authentication of shareholders identity and other related security and integrity of the information still remain a concern, Chuan Hup has decided for the time being, not to implement voting in absentia by e-mail or fax.

## **Dealing in Securities**

The Group has clear internal guidelines for dealings in securities of the Company by Directors and employees. Chuan Hup's Directors and employees are prohibited from dealing in Chuan Hup'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 and one month before the announcement of the Company's full year financial statements. In addition, Directors and employees are prohibited from dealing in Chuan Hup's shares on short-term considerations and/or while in possession of unpublished material price-sensitive information relating to Chuan Hup shares.



## FINANCIAL STATEMENTS

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# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Chuan Hup Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 30 June 2018 and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2018.

## Opinion of the directors

In the opinion of the directors,

- (i) the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Mr Lo Pang Foo Steven  
Mr Peh Kwee Chim  
Mr Peh Siong Woon Terence  
Mdm Joanna Young Sau Kwan  
Ms Heng Su-Ling Mae (appointed on 3 April 2018)  
Mr Lim Kwee Siah

## Arrangements to enable directors to acquire shares and debentures

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

# DIRECTORS' STATEMENT

## Directors' interests in shares and debentures

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

Name of director	Direct interest		Deemed interest	
	At beginning of the financial year or date of appointment	At end of the financial year	At beginning of the financial year or date of appointment	At end of the financial year
<b>Chuan Hup Holdings Limited</b>				
(ordinary shares)				
Mr Peh Kwee Chim	19,379,000	19,379,000	478,264,490 <sup>(1)</sup>	478,264,490 <sup>(1)</sup>
Mr Peh Siong Woon Terence	–	–	478,264,490 <sup>(1)</sup>	478,264,490 <sup>(1)</sup>
Mdm Joanna Young Sau Kwan	22,500	22,500	–	–
Ms Heng Su-Ling Mae	–	–	50,000 <sup>(1)</sup>	50,000 <sup>(1)</sup>
Mr Lim Kwee Siah	230,000	230,000	–	–
<b>PCI Limited</b>				
(ordinary shares)				
Mr Peh Kwee Chim	–	–	152,701,506 <sup>(1)</sup>	152,701,506 <sup>(1)</sup>
Mr Peh Siong Woon Terence	–	–	152,701,506 <sup>(1)</sup>	152,701,506 <sup>(1)</sup>

<sup>(1)</sup> Deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore and Section 7 of the Companies Act, Chapter 50 of Singapore.

By virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore and Section 7 of the Companies Act, Chapter 50 of Singapore, Mr Peh Kwee Chim and Mr Peh Siong Woon Terence are deemed to have an interest in all the related corporations of the Company.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2018.

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

# DIRECTORS' STATEMENT

## Share options

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

## Audit committee

The Audit Committee comprises the following Non-Executive Directors at the date of this statement:

Mdm Joanna Young Sau Kwan (Chairman)

Mr Lo Pang Foo Steven

Ms Heng Su-Ling Mae (appointed on 3 April 2018)

Mr Lim Kwee Siah

All the Audit Committee members, except Mr Lim Kwee Siah, are independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Chapter 50 of Singapore and the Singapore Exchange Securities Trading Limited Listing Manual. The functions carried out are detailed in the Corporate Governance Report, which is included in the Company's Annual Report for the financial year ended 30 June 2018, and include a review of the financial statements of the Company and of the Group for the financial year and the auditor's report thereon.

Accordingly, the Audit Committee has also undertaken a review of the nature and extent of non-audit services provided by the external auditor to the Group. In the opinion of the Audit Committee, these services would not affect the independence of the external auditor.

The Audit Committee has recommended to the Board that the auditor, Ernst & Young LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

# DIRECTORS' STATEMENT

## Auditor

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the board of directors,



Peh Siong Woon Terence  
Director



Peh Kwee Chim  
Director

Singapore  
7 September 2018

# INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 30 June 2018

Independent Auditor's Report to The Members of Chuan Hup Holdings Limited

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Chuan Hup Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2018, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) 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 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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 Auditor's 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 (ACRA) 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 30 June 2018

Independent Auditor's Report to The Members of Chuan Hup Holdings Limited

## **Key audit matters** (cont'd)

### ***Valuation of investment properties***

As at 30 June 2018, the Group has investment properties of US\$24.2 million.

The investment properties are measured at fair value whereby the use of judgement and estimation is required to determine the appropriate valuation method to be used as well as the underlying valuation assumptions. As such, we identified this to be a key audit matter.

Management use independent professional external valuer to determine the fair value of investment properties using the direct comparison method and adjusted for factors such as differences in location, age, tenure, floor area, physical condition and date of transactions.

#### *How our audit addressed the key audit matter*

We considered the objectivity, independence and competency of the external valuer.

We assessed the appropriateness of the valuation method used and the reasonableness of the underlying valuation assumptions by making comparison with external market data. We evaluated the reasonableness of assumptions used such as location, age, tenure, floor area and date of transactions of comparable properties. We also discussed with the external valuer and obtained explanations to support the selection of valuation method as well as the key assumptions used to establish the valuation.

The key areas of judgement and estimation involved in valuation of investment properties are disclosed in Note 3.2(b) to the financial statements and information related to investment properties is provided in Note 12 to the financial statements.

### ***Valuation of development properties***

As at 30 June 2018, the Group has development properties of US\$25.9 million.

Management exercise judgement in their assessment as to whether there is need to write down the development properties so that they are carried at the lower of cost and net realisable value.

These judgements include the estimation of the expected selling prices of development properties taking into account market demand for such properties. As such, we identified this to be a key audit matter.

#### *How our audit addressed the key audit matter*

For development properties under construction, we selected developments under construction and made inquiries of relevant management personnel and inspected relevant documentation such as budgets, funding agreements, supplier contracts and internal reports to understand project design complexity, sub-contractor reliance, other project risks and project funding which could negatively impact costs to complete. We also evaluated forecast selling prices and forecast total costs by making comparisons to a sample of actual selling prices of comparable properties and actual construction costs incurred by the Group.

For completed development properties, we assessed whether the carrying value of development properties is appropriately stated at the lower of cost and net realisable value by testing a sample of sales made during the year and subsequent to year end to assess the sales margins achieved. Additionally, we compared forecast selling prices to total costs to assess forecast margin.

The key areas of judgement and estimation involved in valuation of development properties are disclosed in Note 3.2(d) to the financial statements and information related to development properties is provided in Note 19 to the financial statement.

# INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 30 June 2018

Independent Auditor's Report to The Members of Chuan Hup Holdings Limited

## Key audit matters (cont'd)

### **Allowance for inventories – raw materials**

As at 30 June 2018, the Group has raw materials of US\$26.8 million, net of allowance for raw materials of US\$2.5 million.

The valuation of raw materials and their expected usage are affected by market demand. Management exercise judgement in their assessment as to whether an allowance is required to be set aside for excess, obsolete or slow moving raw materials so that they are carried at the lower of cost and net realisable value.

These judgements include the estimation of future expected usage of raw materials for production, taking into account changes in technology and customer demand. As such, we identified this to be a key audit matter.

#### *How our audit addressed the key audit matter*

We obtained an understanding of the Group's processes and key controls over the valuation of raw materials.

We considered whether there were obsolete or slow-moving items of raw materials identified during our observation of physical inventory counts at the selected key locations.

We considered the ageing profile of raw materials. We discussed with management and evaluated their assessment of the valuation of raw materials and the adequacy of allowance for raw materials based on the ageing profile and their expected usage, and knowledge of changes in technology and customer demand.

The key areas of judgement and estimation involved in allowance for raw materials are disclosed in Note 3.2(c) to the financial statements and information related to inventories is provided in Note 20 to the financial statements.

### **Recoverability of trade receivables**

As at 30 June 2018, the Group has trade receivables amounting to US\$51.1 million.

Management exercise judgement in their assessment as to whether trade receivables are recoverable.

These judgements include the evaluation of collection risk and expected future receipts from trade debtors based on historical collection trends, ageing profile of trade receivables as well as management's knowledge of the trade debtor's business and financial condition. As such, we identified this to be a key audit matter.

#### *How our audit addressed the key audit matter*

We obtained an understanding of the Group's processes and key controls over the monitoring of outstanding trade receivables.

We considered the ageing profile of trade receivables to identify collection risks. We discussed with management and evaluated their assessment of the recoverability of outstanding trade receivables and the adequacy of allowance for doubtful receivables required based on the ageing profile, receipts from trade debtors subsequent to the financial year end, historical collection trends, and knowledge of the business and financial condition. In particular, we focused on long outstanding trade receivables and trade receivables which are past due but not impaired.

The Group's credit risk management is disclosed in Note 32 to the financial statements and information related to trade receivables is provided in Note 21 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 30 June 2018

Independent Auditor's Report to The Members of Chuan Hup Holdings Limited

## Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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 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, 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 FRSs, 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.

## Auditor's 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 auditor's 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.

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 control.
- Obtain an understanding of internal control 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 control.
- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



# INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 30 June 2018

Independent Auditor's Report to The Members of Chuan Hup Holdings Limited

## Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 control 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 auditor's 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.

## 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 auditor's report is Terry Wee Hiang Bing.



Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
7 September 2018

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2018

	Note	Group	
		2018 US\$'000	2017 US\$'000
<b>Revenue</b>	4	345,298	283,189
Raw material and consumables		(222,421)	(149,812)
Manufacturing expenses		(27,238)	(22,071)
Business development expenses		(1,317)	(1,410)
Property development expense		(47,273)	(69,247)
Other operating expenses		(248)	(1,548)
Fair value gain on investment properties	12	157	–
Changes in fair value of investment securities		(2,554)	3,087
Changes in fair value of derivative financial instruments		(160)	289
Impairment loss on available-for-sale financial assets		(464)	–
Employee benefits expense		(14,099)	(10,880)
Depreciation/amortisation expense		(3,486)	(2,889)
Other expenses		(3,490)	(2,908)
Other losses, net	5	(72)	(648)
Finance costs		(205)	(209)
Share of results of associates		134	193
<b>Profit before tax</b>	6	22,562	25,136
Income tax expense	7	(5,034)	(4,702)
<b>Profit for the year</b>		17,528	20,434
<b>Other comprehensive income:</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Share of reserves of associates		–	14
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Available-for-sale financial assets:			
Changes in fair value		(1,162)	(12)
Fair value changes reclassified to profit or loss		352	–
Realisation of currency translation reserve to profit or loss		–	(79)
Currency translation		(1,884)	3,487
Share of reserves of associates		148	(5)
<b>Other comprehensive income for the year, net of tax</b>		(2,546)	3,405
<b>Total comprehensive income for the year</b>		14,982	23,839

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2018

	Note	Group	
		2018 US\$'000	2017 US\$'000
<b>Profit attributable to:</b>			
Equity holders of the Company		13,274	17,928
Non-controlling interests		4,254	2,506
		<u>17,528</u>	<u>20,434</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		10,706	21,473
Non-controlling interests		4,276	2,366
		<u>14,982</u>	<u>23,839</u>
<b>Earnings per share (US cents):</b>			
Basic	8	1.43	1.93
Diluted		1.43	1.93

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

# BALANCE SHEETS

As at 30 June 2018

	Note	Group		Company	
		2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Plant and equipment	10	10,923	8,827	320	444
Prepaid lease payments	11	17,734	18,580	–	–
Investment properties	12	24,196	23,816	–	–
Subsidiaries	13	–	–	57,497	57,497
Associates	14	62,447	58,709	40,143	33,400
Investment securities	16	26,789	28,964	4,537	5,419
Other receivables	21	62	28,871	–	–
Other assets	17	80	261	–	–
Deferred tax assets	18	244	96	–	–
		142,475	168,124	102,497	96,760
<b>Current assets</b>					
Development properties	19	25,882	66,116	–	–
Inventories	20	38,793	36,809	–	–
Trade and other receivables	21	61,528	61,090	122	42
Tax recoverable		357	285	–	–
Amounts due from subsidiaries	22	–	–	53,052	88,988
Investment securities	16	19,663	11,255	15,650	8,920
Derivative financial instruments	23	–	12	–	–
Cash and cash equivalents	24	116,958	102,639	39,060	32,083
		263,181	278,206	107,884	130,033
<b>Total assets</b>		<b>405,656</b>	<b>446,330</b>	<b>210,381</b>	<b>226,793</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Borrowings	25	7,633	7,720	–	–
Trade and other payables	26	81,562	114,958	3,362	3,376
Amounts due to subsidiaries	27	–	–	4,006	1,694
Income tax payable		5,230	5,429	–	–
Derivative financial instruments	23	323	175	226	95
		94,748	128,282	7,594	5,165
<b>Non-current liabilities</b>					
Other payables	26	461	270	28	–
Deferred tax liabilities	18	1,385	1,981	–	–
		1,846	2,251	28	–
<b>Total liabilities</b>		<b>96,594</b>	<b>130,533</b>	<b>7,622</b>	<b>5,165</b>

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

# BALANCE SHEETS

As at 30 June 2018

	Note	Group		Company	
		2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<b>Equity</b>					
Share capital	28	150,863	150,863	150,863	150,863
Reserves	29	(1,422)	1,146	(2)	258
Accumulated profits		136,145	143,392	51,898	70,507
<b>Equity attributable to equity holders of the Company</b>		285,586	295,401	202,759	221,628
Non-controlling interests		23,476	20,396	–	–
<b>Total equity</b>		309,062	315,797	202,759	221,628
<b>Total equity and liabilities</b>		405,656	446,330	210,381	226,793

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2018

Group	Attributable to equity holders of the Company					Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Currency translation reserve US\$'000	Investment revaluation reserve US\$'000	Capital reserve US\$'000	Accumulated profits US\$'000			
<b>Balance at 1 July 2017</b>	150,863	273	530	343	143,392	295,401	20,396	315,797
<b>Profit for the year</b>	-	-	-	-	13,274	13,274	4,254	17,528
<u>Other comprehensive income</u>								
Available-for-sale financial assets:								
Changes in fair value	-	-	(1,162)	-	-	(1,162)	-	(1,162)
Fair value changes reclassified to profit or loss	-	-	352	-	-	352	-	352
Share of reserves of associates	-	148	-	-	-	148	-	148
Currency translation	-	(1,906)	-	-	-	(1,906)	22	(1,884)
<b>Other comprehensive income, net of tax</b>	-	(1,758)	(810)	-	-	(2,568)	22	(2,546)
<b>Total comprehensive income for the year</b>	-	(1,758)	(810)	-	13,274	10,706	4,276	14,982
<u>Contributions by and distributions to owners</u>								
Dividends paid to equity holders of the Company (Note 9)	-	-	-	-	(20,521)	(20,521)	-	(20,521)
Dividends paid to non- controlling interests of subsidiary	-	-	-	-	-	-	(1,193)	(1,193)
Disposal of a subsidiary	-	-	-	-	-	-	(3)	(3)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	(20,521)	(20,521)	(1,196)	(21,717)
<b>Balance at 30 June 2018</b>	150,863	(1,485)	(280)	343	136,145	285,586	23,476	309,062

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2018

Group	Attributable to equity holders of the Company						Total US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Currency translation reserve US\$'000	Investment revaluation reserve US\$'000	Capital reserve US\$'000	Asset revaluation reserve US\$'000	Accumulated profits US\$'000			
<b>Balance at 1 July 2016</b>	151,194	(3,270)	542	343	(14)	131,984	280,779	19,894	300,673
<b>Profit for the year</b>	-	-	-	-	-	17,928	17,928	2,506	20,434
<u>Other comprehensive income</u>									
Available-for-sale financial assets:									
Changes in fair value	-	-	(12)	-	-	-	(12)	-	(12)
Realisation of currency translation reserve to profit or loss	-	(79)	-	-	-	-	(79)	-	(79)
Share of reserves of associates	-	(5)	-	-	14	-	9	-	9
Currency translation	-	3,627	-	-	-	-	3,627	(140)	3,487
<b>Other comprehensive income, net of tax</b>	-	3,543	(12)	-	14	-	3,545	(140)	3,405
<b>Total comprehensive income for the year</b>	-	3,543	(12)	-	14	17,928	21,473	2,366	23,839
<u>Contributions by and distributions to owners</u>									
Dividends paid to equity holders of the Company (Note 9)	-	-	-	-	-	(6,520)	(6,520)	-	(6,520)
Dividends paid to non- controlling interests of subsidiary	-	-	-	-	-	-	-	(1,834)	(1,834)
Return of capital to non- controlling interests of a subsidiary	-	-	-	-	-	-	-	(30)	(30)
Repurchase of shares (Note 28)	(331)	-	-	-	-	-	(331)	-	(331)
<b>Total contributions by and distributions to owners</b>	(331)	-	-	-	-	(6,520)	(6,851)	(1,864)	(8,715)
<b>Balance at 30 June 2017</b>	150,863	273	530	343	-	143,392	295,401	20,396	315,797

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

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2018

Company	Share capital US\$'000	Investment revaluation reserve US\$'000	Accumulated profits US\$'000	Total equity US\$'000
<b>Balance at 1 July 2017</b>	150,863	258	70,507	221,628
<b>Profit for the year</b>	–	–	1,912	1,912
<u>Other comprehensive income</u>				
Available-for-sale financial assets:				
Changes in fair value	–	(612)	–	(612)
Fair value changes reclassified to profit or loss	–	352	–	352
<b>Other comprehensive income, net of tax</b>	–	(260)	–	(260)
<b>Total comprehensive income for the year</b>	–	(260)	1,912	1,652
<u>Contributions by and distributions to owners</u>				
Dividends paid to equity holders of the Company (Note 9)	–	–	(20,521)	(20,521)
<b>Total contributions by and distributions to owners</b>	–	–	(20,521)	(20,521)
<b>Balance at 30 June 2018</b>	150,863	(2)	51,898	202,759

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



# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2018

Company	Share capital US\$'000	Investment revaluation reserve US\$'000	Accumulated profits US\$'000	Total equity US\$'000
<b>Balance at 1 July 2016</b>	151,194	–	63,142	214,336
<b>Profit for the year</b>	–	–	13,885	13,885
<u>Other comprehensive income</u>				
Available-for-sale financial assets:				
Changes in fair value	–	258	–	258
<b>Other comprehensive income, net of tax</b>	–	258	–	258
<b>Total comprehensive income for the year</b>	–	258	13,885	14,143
<u>Contributions by and distributions to owners</u>				
Dividends paid to equity holders of the Company (Note 9)	–	–	(6,520)	(6,520)
Repurchase of shares (Note 28)	(331)	–	–	(331)
<b>Total contributions by and distributions to owners</b>	(331)	–	(6,520)	(6,851)
<b>Balance at 30 June 2017</b>	150,863	258	70,507	221,628

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

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2018

	Note	Group	
		2018 US\$'000	2017 US\$'000
<b>Cash flows from operating activities</b>			
Profit before tax		22,562	25,136
Adjustments for:			
Share of results of associates		(134)	(193)
Depreciation/amortisation expense		3,486	2,889
Dividend income	4	(1,377)	(1,801)
Interest income	4	(1,607)	(1,838)
Finance costs		205	209
Unrealised translation gain		(82)	(6)
(Gain)/loss on disposal of plant and equipment	5	(39)	190
Gain on liquidation of a subsidiary	5	(3)	(81)
Loss on dilution of interest in an associate	5	–	1,395
Fair value gain on investment properties	12	(157)	–
Gain on disposal of other assets	5	(32)	–
Gain on disposal of available-for-sale financial assets	5	(88)	(116)
Changes in fair value of investment securities		2,554	(3,087)
Changes in fair value of derivative financial instruments		160	(289)
Impairment loss on available-for-sale financial assets		464	–
Write-back of impairment loss on other assets	5	–	(24)
Additional/(write-back of) allowance for inventories	20	641	(721)
<b>Operating cash flows before changes in working capital</b>		26,553	21,663
Changes in working capital:			
Decrease/(increase) in development properties		40,234	(32,289)
Increase in inventories		(2,625)	(5,019)
(Increase)/decrease in held-for-trading investments		(10,962)	20,851
Decrease/(increase) in receivables		7,879	(5,581)
(Decrease)/increase in payables		(33,154)	56,170
<b>Cash flows from operations</b>		27,925	55,795
Interest paid		(184)	(198)
Interest received		1,649	1,763
Dividends received from held-for-trading investments		323	816
Income tax paid		(6,167)	(2,616)
<b>Net cash flows from operating activities</b>		23,546	55,560

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

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2018

	Note	Group	
		2018 US\$'000	2017 US\$'000
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(4,949)	(1,641)
Proceeds from disposal of plant and equipment		39	1
Purchase of available-for-sale financial assets		(6,269)	(12,000)
Proceeds from disposal of available-for-sale financial assets		7,258	12,635
Dividends received from available-for-sale financial assets		1,571	492
Proceeds from disposal of other assets		213	–
Purchase of financial assets at fair value through profit or loss		–	(14,706)
Dividends received from an associate		2,189	2,428
Additional investment in an associate		(6,743)	–
Increase in property development loan to an associate		(534)	(8,649)
Repayment of property development loan by an associate		20,843	1,397
<b>Net cash flows from/(used in) investing activities</b>		<b>13,618</b>	<b>(20,043)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders of the Company	9	(20,521)	(6,520)
Dividends paid to non-controlling interests of a subsidiary	13	(1,193)	(1,834)
Return of capital to non-controlling interests of a subsidiary		–	(30)
Drawdown of bank loans		197	14,706
Repayment of bank loans		(284)	(14,394)
Repurchase of shares	28	–	(331)
<b>Net cash flows used in financing activities</b>		<b>(21,801)</b>	<b>(8,403)</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,363</b>	<b>27,114</b>
Effect of exchange rate changes on cash and cash equivalents		(1,044)	(482)
<b>Cash and cash equivalents at beginning of the year</b>		<b>102,639</b>	<b>76,007</b>
<b>Cash and cash equivalents at end of the year</b>	24	<b>116,958</b>	<b>102,639</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 1. Corporate information

Chuan Hup Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore. The registered office and principal place of business of the Company is located at 35 Pioneer Road North, Singapore 628475. The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are that of investment holding, investment trading and provision of management services. The principal activities of its subsidiaries are set out in Note 13 to the financial statements.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

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

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

The financial statements are presented in United States dollars (“USD” or “US\$”) and all values in the tables are rounded to the nearest thousand (US\$’000), except when otherwise indicated.

#### Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) (“SFRS(I)”), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 July 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). On transition to the new financial reporting framework, the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 July 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 July 2017. The Group expects to reclassify an amount of US\$273,000 of currency translation reserve to the opening retained earnings as at 1 July 2017.

Other than the effects of the matter as described above and the adoption of the new standards that are effective on 1 July 2018, the Group expects that the adoption of the new financial reporting framework will have no material impact on the financial statements in the year of initial application.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2017. The adoption of these standards did not have any significant financial impact on the financial performance or position of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
Amendments to FRS 40 <i>Transfers of Investment Property</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
FRS 116 <i>Leases</i>	1 January 2019
Improvements to FRSs (March 2018)	1 January 2019
<ul style="list-style-type: none"> <li>- Amendments to FRS 103 <i>Business Combinations</i></li> <li>- Amendments to FRS 111 <i>Joint Arrangements</i></li> <li>- Amendments to FRS 12 <i>Income Taxes</i></li> <li>- Amendments to FRS 23 <i>Borrowing Costs</i></li> </ul>	
Amendments to FRS 110 & FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 July 2018. Upon adoption of SFRS(I) on 1 July 2018, the SFRS(I) equivalent of the above standards that are effective on 1 July 2018 will be adopted at the same time.

Except for SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below.

#### SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognise any difference between the current carrying amount and the carrying amount as at 1 July 2018 in the opening retained earnings when the Group applies SFRS(I) 9.

The Group has performed a preliminary impact assessment of adopting SFRS(I) 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts SFRS(I) 9 on 1 July 2018.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.3 *Standards issued but not yet effective* (cont'd)

#### SFRS(I) 9 Financial Instruments (cont'd)

##### (a) *Classification and measurement*

For its available-for-sale financial assets – quoted bond investments amounting to US\$1,336,000, the Group intends to hold the financial instrument to collect contractual cash flows and sell, and accordingly measured at fair value through other comprehensive income when it applies SFRS(I) 9. The Group does not expect any significant impact to arise from these changes.

The Group will continue to measure its currently held-for-trading investments – quoted equity securities of US\$19,663,000 at fair value through profit or loss. The Group does not expect any significant impact arising from these changes. The Group will elect to measure its currently held available-for-sale financial assets – quoted equity securities, unquoted equity securities and unquoted fund investments amounting to US\$25,453,000 at fair value through other comprehensive income. The impairment loss of US\$4,730,000 previously recognised in profit or loss will be adjusted against retained earnings when the Group applies SFRS(I) 9. The Group currently measures its investments in available-for-sale financial assets – unquoted equity securities at cost of US\$9,590,000. Under SFRS(I) 9, the Group will be required to measure these investments at fair value. The Group is in the process of quantifying the impact of the adoption of SFRS(I) 9 and will recognise any difference between the current carrying amount and the fair value as at 1 July 2018 in the opening retained earnings when the Group applies SFRS(I) 9.

##### (b) *Impairment*

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group is in the process of performing a detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

#### SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SFRS(I) 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

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

The Group plans to apply the changes in accounting policies retrospective to each reporting year presented, using the full retrospective approach. The Group also plans to apply the following practical expedients:

- For completed contracts, the Group plans not to restate completed contracts that begin and end within the same year or are completed contracts on 1 July 2017; and
- For completed contracts that have variable consideration, the Group plans to use the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.3 **Standards issued but not yet effective** (cont'd)

#### SFRS(I) 15 Revenue from Contracts with Customers (cont'd)

The Group is in the process of performing an impact assessment of adopting SFRS(I) 15 based on currently available information. Based on its preliminary assessment, an area of potential impact is the new guidance on recognition of revenue when the entity satisfies the performance obligations relating to manufacturing revenue involving the production of goods that are of no alternative use to the Group and for which the Group has an enforceable right to payment.

SFRS(I) 15 states that an entity transfers control of a good or service over time (and, therefore, satisfies a performance obligation and recognizes revenue over time) if one of the following criteria is met:

- (a) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) The entity's performance creates or enhances an asset (e.g. work in progress) that the customer controls as the asset is created or enhanced; or
- (c) The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the Group is unable to demonstrate that control transfers over time, presumption is that control transfers at a point in time. The Group is in the process of determining if there will be significant impact upon adoption of SFRS(I) 15.

#### SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of SFRS(I) 16 and expects that the adoption of SFRS(I) 16 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying SFRS(I) 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 July 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS(I) 16 and assessing the possible impact of adoption.

### 2.4 **Basis of consolidation and business combinations**

#### (a) **Basis of consolidation**

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.4 *Basis of consolidation and business combinations* (cont'd)

#### (a) **Basis of consolidation** (cont'd)

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

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

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

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.4 *Basis of consolidation and business combinations* (cont'd)

#### (b) **Business combinations and goodwill** (cont'd)

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

### 2.5 *Transactions with non-controlling interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to equity holders of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

### 2.6 *Foreign currency*

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

#### (a) **Transactions and balances**

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

Exchange differences on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

#### (b) **Consolidated financial statements**

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.7 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Leasehold improvements	-	Over the shorter of the estimated useful life of the asset and the lease term
Furniture, fittings, plant and equipment	-	3 to 10 years
Motor vehicles	-	5 years

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

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

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

### 2.8 *Prepaid lease payments*

The prepaid lease payments are initially measured at cost. Following initial recognition, prepaid lease payments are measured at cost less accumulated amortisation. The prepaid lease payments are amortised on a straight-line basis over the lease term.

### 2.9 *Investment properties*

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

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

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

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

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

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

### 2.11 *Subsidiaries*

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

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

### 2.12 *Associates*

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

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

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

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

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

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

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.13 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation.

#### *Joint operations*

The Group recognises in relation to its interest in a joint operation,

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation;
- (iv) its share of the revenue from the sale of the output by the joint operation; and
- (v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

### 2.14 *Financial instruments*

#### (a) **Financial assets**

##### **Initial recognition and measurement**

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

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

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss includes exchange differences, excludes interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.14 *Financial instruments* (cont'd)

#### (a) **Financial assets** (cont'd)

##### **Subsequent measurement** (cont'd)

##### (ii) *Loans and receivables*

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

##### (iii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

##### **De-recognition**

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

##### **Regular way purchases and sales**

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.14 *Financial instruments* (cont'd)

#### (b) **Financial liabilities**

##### **Initial recognition and measurement**

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

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

##### **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follows:

#### (i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

#### (ii) *Other financial liabilities*

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

##### **De-recognition**

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

#### (c) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 2.15 *Impairment of financial assets*

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

#### (a) **Financial assets carried at amortised cost**

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.15 Impairment of financial assets (cont'd)

#### (a) Financial assets carried at amortised cost (cont'd)

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

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

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

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

#### (b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair values after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.16 *Club memberships*

Club membership was acquired separately and is not amortised as its useful life is infinite. The club membership is tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of club membership is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

### 2.17 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. The Group also recognised investments in money market funds under cash equivalents, due to their first-class credit rating and investment in extremely short-term money market securities, undergo only minor value fluctuations and can be readily converted into known amounts of cash.

### 2.18 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

### 2.19 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those production overheads, where applicable, that have been incurred in bringing the inventories to that present location and condition. Direct materials cost is calculated using the moving weighted average method.

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

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

### 2.20 *Provisions*

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.21 *Financial guarantee*

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

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

### 2.22 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended uses or sales. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.23 *Employee benefits*

#### (a) **Defined contribution plans**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (b) **Employee leave entitlement**

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

### 2.24 *Leases*

#### (a) **As lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### (b) **As lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.25. Contingent rents are recognised as revenue in the period in which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### **Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### **Sale of development properties**

Revenue from sale of development properties is recognised when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, revenue from such sales are recognised only when all the significant conditions are satisfied.

#### **Rental income**

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

#### **Rendering of services**

Revenue from rendering of services is recognised when service is rendered. Revenue from the design or development of new product is recognised by reference to the stage of completion at the end of the reporting period. Stage of completion is determined by reference to actual expenses incurred to date divided by the total budgeted cost.

#### **Dividend income**

Dividend income from investments is recognised when the Group's right to receive payment is established.

#### **Interest income**

Interest income is recognised using the effective interest method.

### 2.26 Taxes

#### (a) Current income tax

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.26 Taxes (cont'd)

#### (b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

#### (c) Goods and Services Tax ("GST") and Value Added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- Where the GST/VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 2. Summary of significant accounting policies (cont'd)

### 2.27 *Share capital and share issuance expenses*

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

### 2.28 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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

## 3. Significant accounting judgements and estimates

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

### 3.1 *Judgements made in applying accounting policies*

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

#### (a) **Impairment of available-for-sale financial assets**

The Group records impairment charges on available-for-sale financial assets when there has been a significant or prolonged decline in the fair value below their costs. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

For the year ended 30 June 2018, the Group recognised an impairment loss of US\$464,000 (2017: nil). The carrying amount of the Group's available-for-sale financial assets was US\$26,789,000 (2017: US\$28,964,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 3. Significant accounting judgements and estimates (cont'd)

### 3.2 Key sources of estimation uncertainty

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

#### (a) Recoverability of trade receivables

In making the estimation, management considered the procedures that have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for impairment is required, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the environment in which the debtor operates in. Specific allowance for impairment is only made for receivables that are unlikely to be collected.

The carrying amount of the Group's trade receivables at 30 June 2018 was US\$51,112,000 (2017: US\$56,675,000).

#### (b) Fair value measurement of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged an independent valuation specialist to determine fair value as at 30 June 2018. The valuation technique adopted was the Direct Comparison Method. This involves analysing recent sales evidence of similar properties and comparable developments with adjustments made for differences in location, tenure, size, shape, design and layout, age and condition of buildings, availability of car parking lots and loading/unloading bays, dates of transactions and the prevailing market conditions.

The carrying amount of the Group's investment properties at 30 June 2018 was US\$24,196,000 (2017: US\$23,816,000).

#### (c) Allowance for inventories – raw materials

The Group reviews its raw materials levels in order to identify excess, obsolete and slow moving items of raw materials. Where the Group identifies items of raw materials that exceed their expected usage which had been estimated based on customer demand, the Group estimates the amount of allowance for raw materials so that they are carried at net realisable value that is lower than its carrying amount. Management is satisfied that adequate allowance for excess, obsolete and slow moving items of raw materials has been made in the financial statements. The carrying amount of raw materials as at the end of the reporting period are disclosed in Note 20 to the financial statements.

#### (d) Valuation of development properties

The Group carries its development properties at the lower of cost and net realisable value. Management exercise judgement in their assessment as to whether there is a need to write down the development properties so that they are carried at the lower of cost and net realisable value.

These judgements include the estimation of the expected selling prices of development properties taking into account market demand for such properties.

The carrying amount of the Group's development properties at 30 June 2018 was US\$25,882,000 (2017: US\$66,116,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 4. Revenue

	Group	
	2018 US\$'000	2017 US\$'000
Sale of goods	269,205	187,751
Sale of development properties	50,931	78,048
Rendering of services	19,209	8,093
Rental income	840	2,413
Dividend income from:		
- Available-for-sale financial assets	1,037	1,026
- Held-for-trading investments	340	775
Interest income from:		
- Cash deposits	736	226
- Available-for-sale financial assets	57	50
- Loan receivable from associate	430	1,283
- Loan receivable	384	279
Gain on disposal of held-for-trading investments	1,850	1,802
Others	279	1,443
	345,298	283,189

## 5. Other losses, net

The following items were credited/(charged) to profit or loss:

	Group	
	2018 US\$'000	2017 US\$'000
Gain on disposal of available-for-sale financial assets	88	116
Gain/(loss) on disposal of plant and equipment	39	(190)
Gain on disposal of other assets	32	-
Write-back of impairment loss on other assets (Note 17)	-	24
Gain on liquidation of a subsidiary	3	81
Loss on dilution of interest in an associate	-	(1,395)
Foreign exchange (loss)/gain	(902)	372
Other income	668	344
	(72)	(648)

## 6. Profit before tax

Profit before tax included the following items:

	Group	
	2018 US\$'000	2017 US\$'000
Audit fees:		
- Auditor of the Company	189	185
- Other auditors	46	42
Non-audit fees:		
- Auditor of the Company	49	24
- Other auditors	35	46
Employee benefits expense (including directors' remuneration):		
- Salaries, allowances and short term benefits	13,184	10,144
- Defined contribution plan	639	509
	639	509

In addition to the above, employee benefits expense which relates to the Group's electronics manufacturing services comprises salaries, allowances and short term benefits of US\$19,535,000 (2017: US\$15,538,000) as well as defined contribution plan payments of US\$2,545,000 (2017: US\$2,052,000). These were included in "manufacturing expenses" line item of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 7. Income tax expense

### Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2018 and 2017 are:

	Group	
	2018	2017
	US\$'000	US\$'000
Current income tax:		
Current income taxation	5,458	4,887
Under/(over) provision in prior years	50	(116)
	<u>5,508</u>	<u>4,771</u>
Deferred income tax (Note 18):		
Origination and reversal of temporary differences	(755)	(387)
Under/(over) provision in prior years	18	(2)
	<u>(737)</u>	<u>(389)</u>
Withholding tax	263	320
Income tax expense recognised in profit or loss	<u>5,034</u>	<u>4,702</u>

### Reconciliation between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 June 2018 and 2017 is as follows:

	Group	
	2018	2017
	US\$'000	US\$'000
Profit before tax	22,562	25,136
Less: Share of results of associates *	(134)	(193)
	<u>22,428</u>	<u>24,943</u>
Tax at domestic rates applicable to individual group entities	5,996	8,486
Adjustments:		
Non-deductible expenses	1,429	894
Income not subject to tax	(2,503)	(4,430)
Benefits from previously unrecognised tax losses	(235)	(467)
Effect of partial tax exemption and tax relief	(155)	(142)
Deferred tax assets not recognised	163	133
Under/(over) provision in prior years	68	(118)
Withholding tax on foreign income	263	320
Others	8	26
Income tax expense recognised in profit or loss	<u>5,034</u>	<u>4,702</u>

\* These are presented net of tax in profit or loss.

Subject to agreement by the relevant tax authorities, the Group has unutilised tax losses and donations estimated as follows:

	Group	
	2018	2017
	US\$'000	US\$'000
Unutilised tax losses	9,749	9,785
Unutilised donations	77	127
	<u>9,826</u>	<u>9,912</u>
Deferred tax asset not recognised	<u>2,059</u>	<u>2,059</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 7. Income tax expense (cont'd)

### *Reconciliation between tax expense and accounting profit* (cont'd)

These future income tax benefits are available for offset against future assessable income of the companies in which the tax benefits arose, subject to the conditions for deductibility imposed by the tax legislation of their respective countries of incorporation, including the retention of majority shareholders as defined are complied with. Deferred tax asset is not recognised due to uncertainty of its realisation. The tax losses have no expiry date except for an amount of US\$1,143,000 (2017: US\$1,120,000) which will expire within the next five years.

## 8. Earnings per share

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 June:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
<b>Earnings (US\$'000):</b>		
Profit attributable to equity holders of the Company	13,274	17,928
<b>Number of shares ('000):</b>		
Weighted average number of ordinary shares	928,273	929,438
Earnings per share (US cents)	<u>1.43</u>	<u>1.93</u>

Basic earnings per share is the same as diluted earnings per share as the Group does not have any potential dilutive ordinary shares outstanding.

## 9. Dividends

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Declared and paid during the financial year:</b>		
Dividends on ordinary shares:		
Final tax exempt (one-tier) and special tax exempt (one-tier) dividends for 2017 of S\$0.01 and S\$0.02 (2016: final tax exempt (one-tier) dividend of S\$0.01) per share, respectively	<u>20,521</u>	<u>6,520</u>
<b>Proposed but not recognised as a liability as at 30 June:</b>		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
Final tax exempt (one-tier) dividend for 2018 of S\$0.01 (2017: final tax exempt (one-tier) and special tax exempt (one-tier) dividends of S\$0.01 and S\$0.02 respectively) per share	<u>6,806</u>	<u>20,226</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 10. Plant and equipment

Group	Leasehold improvements US\$'000	Furniture, fittings, plant and equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
<b>Cost</b>				
At 1 July 2016	5,328	29,827	1,035	36,190
Additions	184	1,359	98	1,641
Disposals	–	(2,444)	(34)	(2,478)
Exchange differences	(86)	(112)	(2)	(200)
At 30 June 2017 and 1 July 2017	5,426	28,630	1,097	35,153
Additions	305	4,242	402	4,949
Disposals	(318)	(1,334)	(57)	(1,709)
Transfer	202	(202)	–	–
Exchange differences	(91)	65	(6)	(32)
At 30 June 2018	5,524	31,401	1,436	38,361
<b>Accumulated depreciation</b>				
At 1 July 2016	590	25,410	447	26,447
Depreciation for the year	641	1,385	178	2,204
Disposals	–	(2,253)	(34)	(2,287)
Exchange differences	11	(47)	(2)	(38)
At 30 June 2017 and 1 July 2017	1,242	24,495	589	26,326
Depreciation for the year	627	1,958	224	2,809
Disposals	(318)	(1,334)	(57)	(1,709)
Transfer	(14)	14	–	–
Exchange differences	(17)	30	(1)	12
At 30 June 2018	1,520	25,163	755	27,438
<b>Net carrying amount</b>				
At 30 June 2017	4,184	4,135	508	8,827
At 30 June 2018	4,004	6,238	681	10,923

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 10. Plant and equipment (cont'd)

Company	Leasehold improvements US\$'000	Furniture, fittings, plant and equipment US\$'000	Total US\$'000
<b>Cost</b>			
At 1 July 2016	261	328	589
Additions	44	38	82
Disposals	–	(24)	(24)
At 30 June 2017 and 1 July 2017	305	342	647
Additions	–	11	11
Disposals	–	(5)	(5)
At 30 June 2018	305	348	653
<b>Accumulated depreciation</b>			
At 1 July 2016	24	67	91
Depreciation for the year	70	66	136
Disposals	–	(24)	(24)
At 30 June 2017 and 1 July 2017	94	109	203
Depreciation for the year	67	68	135
Disposals	–	(5)	(5)
At 30 June 2018	161	172	333
<b>Net carrying amount</b>			
At 30 June 2017	211	233	444
At 30 June 2018	144	176	320

### Commitments

As at 30 June 2018, the Group has nil (2017: US\$2,455,000) capital expenditure contracted for but not recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 11. Prepaid lease payments

	Group	
	2018 US\$'000	2017 US\$'000
<b>Cost</b>		
At 1 July	19,976	20,018
Exchange differences	(209)	(42)
At 30 June	19,767	19,976
<b>Accumulated amortisation</b>		
At 1 July	1,396	714
Amortisation for the year	677	685
Exchange differences	(40)	(3)
At 30 June	2,033	1,396
<b>Net carrying amount</b>		
At 30 June	17,734	18,580

Details of properties relating to prepaid lease payments as at 30 June 2018 are as follows:

Description	Lease term	Date of acquisition	Location	Area (square metres)
Leasehold land and building	60 years from 1 May 1993	Acquired in 2015 at cost of US\$17,002,000	35 Pioneer Road North Singapore 628475	7,689
Leasehold land and building	30 years from 24 November 1998	Acquired in 2015 at cost of US\$2,975,000	Kawasan Industry Panbil C1, Lot 2-3 Muka Kuning, Batam, Indonesia	16,402

The property rental income from the Group's leasehold property leased out under operating leases, amounted to US\$164,000 (2017: US\$1,594,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating leasehold property amounted to US\$149,000 (2017: US\$1,372,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 12. Investment properties

	Group	
	2018 US\$'000	2017 US\$'000
<b>Balance sheet</b>		
At 1 July	23,816	24,301
Fair value gain recognised in profit or loss	157	–
Exchange differences	223	(485)
At 30 June	<u>24,196</u>	<u>23,816</u>
<b>Statement of comprehensive income</b>		
Rental income from investment properties:		
Minimum lease payments	<u>840</u>	<u>819</u>
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating properties	<u>248</u>	<u>191</u>

### Valuation of investment properties

Investment properties are measured at fair value which has been determined based on valuation performed as at 30 June 2018. The valuation was performed by an accredited independent valuer with recent experience in the location and category of the properties being valued. The valuation technique adopted was the Direct Comparison Method. This involved the analysis of recent sales evidence of similar properties and comparable developments with adjustments made for differences in location, tenure, size, shape, design and layout, age and condition of buildings, availability of car parking lots and loading/unloading bays, dates of transactions and the prevailing market conditions.

The Group has no restriction on the realisability of its investment properties.

The investment properties held by the Group as at 30 June 2018 are as follows:

Description of properties	Existing use	Tenure	Unexpired lease term	Area (square metre)
Office floors 20 <sup>th</sup> to 22 <sup>nd</sup> located in GB Building, 143 Cecil Street, Singapore 069542	Offices	Leasehold	63 years	1,492

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 13. Subsidiaries

	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Shares, at cost	79,859	79,859
Impairment losses	(22,362)	(22,362)
	<u>57,497</u>	<u>57,497</u>

### (a) Composition of the Group

The Group has the following investments in subsidiaries.

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion of ownership interest held by the Group</b>	
			<b>2018</b>	<b>2017</b>
			<b>%</b>	<b>%</b>
<b>Held by the Company:</b>				
Beauford Investments Pte Ltd <sup>(1)</sup>	Singapore	Investment holding and trading	100	100
ProVest Global Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	100	100
ProVest Holdings Pte. Ltd. <sup>(1)</sup>	Singapore	Dormant	100	100
ProVest Realty Pte. Ltd. <sup>(1)</sup>	Singapore	Property investment	100	100
ProVest Transworld Limited	Singapore	Struck off	–	99.7
CH Biovest Pte. Limited <sup>(1)</sup>	Singapore	Investment holding	100	100
Ventrade (Asia) Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding and trading	100	100
PCI Limited <sup>(1)</sup>	Singapore	Investment holding and provision of electronics manufacturing services	76.7	76.7
<b>Held through subsidiaries:</b>				
<b>Held by Ventrade (Asia) Pte. Ltd.</b>				
Ventrade Australia Pty Ltd <sup>(2)</sup>	Australia	Property development	100	100
<b>Held by Ventrade Australia Pty Ltd</b>				
Ventrade Maylands Pty Ltd <sup>(3)</sup>	Australia	Property development	100	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 13. Subsidiaries (cont'd)

### (a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group	
			2018 %	2017 %
<b>Held through subsidiaries:</b>				
<b>Held by PCI Limited</b>				
Printed Circuits International Incorporated <sup>(9)</sup>	United States of America	Investment holding and provision of support on electronics manufacturing services	76.7	76.7
PT. Prima Circuitama Indonesia <sup>(5)</sup>	Indonesia	Dormant	70.9	70.9
PT. PCI Elektronik Internasional <sup>(5)</sup>	Indonesia	Provision of electronics manufacturing services	76.7	76.7
Pacific Gain Holding Limited <sup>(9)</sup>	British Virgin Islands	Investment holding	76.7	76.7
PCI Technology Enabler Pte.Ltd. <sup>(1)(10)</sup>	Singapore	Provision of research and development services	76.7	–
PCI China Private Limited <sup>(1)</sup>	Singapore	Investment holding	76.7	76.7
Quijul Pte Ltd <sup>(1)</sup>	Singapore	Rental of property	76.7	76.7
<b>Held by Printed Circuits International Incorporated</b>				
Printed Circuits International Private Limited <sup>(1)</sup>	Singapore	Rendering of estate management services	76.7	76.7
PCI Displays Pte. Ltd. <sup>(1)</sup>	Singapore	Provision of electronics manufacturing and information technology services	76.7	76.7

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 13. Subsidiaries (cont'd)

### (a) Composition of the Group (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group	
			2018 %	2017 %
<b>Held through subsidiaries:</b>				
<b>Held by Pacific Gain Holding Limited</b>				
Polymicro Corporation (Singapore) Pte Ltd <sup>(1) (9)</sup>	Singapore	Investment holding	76.7	76.7
Polymicro Precision Technology (Thailand) Co. Ltd <sup>(6)</sup>	Thailand	Dormant	76.7	76.7
Technology Enabler Designers Phils. Inc. <sup>(4)</sup>	Philippines	Provision of research and development services	76.7	76.7
<b>Held by PCI China Private Limited</b>				
PCI Shanghai Electronics Co., Ltd <sup>(7)</sup>	China	Provision of electronics manufacturing services	76.7	76.7
PCI Kunshan Electronics Co., Ltd <sup>(7)</sup>	China	Provision of electronics manufacturing services	76.7	76.7
<b>Held by Quijul Pte Ltd</b>				
Quijul Logistics Pte. Ltd. <sup>(1)</sup>	Singapore	Value added logistics provider and general warehousing	76.7	76.7

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore.

<sup>(2)</sup> Audited by KPMG, Perth, Australia.

<sup>(3)</sup> Audited by KPMG, Perth, Australia for the purpose of group consolidation.

<sup>(4)</sup> Audited by member firm of Ernst & Young Global in Philippines (SGV & CO).

<sup>(5)</sup> Audited by Drs Bernardi & Co. Registered Public Accountants, Jakarta, Indonesia.

<sup>(6)</sup> Audited by V.A.T. Accounting, Bangkok, Thailand.

<sup>(7)</sup> Audited by Shanghai Linfang Certified Public Accountants, Co. Ltd, Shanghai, China.

<sup>(8)</sup> The investment represents 6.1% equity interests held through PCI Limited. The remaining 70.6% equity interests are held through Pacific Gain Holding Limited, a subsidiary of PCI Limited.

<sup>(9)</sup> Not required to be audited under the law in the country of incorporation.

<sup>(10)</sup> Incorporated on 15 September 2017.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 13. Subsidiaries (cont'd)

### (b) Interest in subsidiary with material non-controlling interests (NCI)

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI %	Profit allocated to NCI during the reporting period US\$'000	Accumulated NCI at the end of reporting period US\$'000	Dividends paid to NCI US\$'000
<b>30 June 2018</b>					
PCI Limited	Singapore	23.3	4,254	23,476	1,193
<b>30 June 2017</b>					
PCI Limited	Singapore	23.3	2,506	20,393	1,834

### (c) Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

	PCI Limited	
	2018	2017
	US\$'000	US\$'000
<b>Summarised balance sheet</b>		
<b>Current</b>		
Assets	137,996	120,035
Liabilities	(65,007)	(59,027)
Net current assets	72,989	61,008
<b>Non-current</b>		
Assets	28,522	27,320
Liabilities	(991)	(963)
Net non-current assets	27,531	26,357
Net assets	100,520	87,365
<b>Summarised statement of comprehensive income</b>		
Revenue	288,673	198,917
Profit before tax	22,883	12,948
Income tax expense	(4,702)	(2,330)
Profit after tax	18,181	10,618
Other comprehensive income	95	(592)
Total comprehensive income	18,276	10,026
<b>Other summarised information</b>		
Net cash flows from operations	28,055	21,508



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 14. Associates

	Group		Company	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Quoted shares, at cost	67,284	60,541	40,143	33,400
Share of post-acquisition reserves	(685)	(967)	–	–
Dividends received	(5,560)	(3,370)	–	–
Exchange adjustment	1,408	2,505	–	–
	<b>62,447</b>	<b>58,709</b>	<b>40,143</b>	<b>33,400</b>
Fair value of investment based on published price quotation	66,081	56,761	38,758	27,762

Name	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group	
			2018 %	2017 %
<b>Held by the Company:</b>				
Finbar Group Limited <sup>(1)</sup>	Australia	Property development and investment	20.3	19.7
<b>Held through subsidiary:</b>				
<b>Held by CH Biovest Pte. Limited</b>				
Pacific Star Development Limited <sup>(2)</sup>	Singapore	Property development	35.5	35.5

<sup>(1)</sup> Audited by KPMG, Perth, Australia.

<sup>(2)</sup> Audited by Ernst & Young LLP, Singapore.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 14. Associates (cont'd)

The summarised financial information of the associates based on their financial statements and a reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

### Summarised balance sheet

	Finbar Group Limited		Pacific Star Development Limited	
	30 June 2018 US\$'000	30 June 2017 US\$'000	30 June 2018 US\$'000	30 June 2017 US\$'000
Current assets	136,207	154,377	145,977	123,636
Non-current assets	131,913	165,521	138	1,916
Total assets	268,120	319,898	146,115	125,552
Current liabilities	39,247	144,335	67,745	52,044
Non-current liabilities	42,573	9,378	31,727	41,825
Total liabilities	81,820	153,713	99,472	93,869
Net assets	186,300	166,185	46,643	31,683
Non-controlling interests	–	(78)	(21,560)	(11,024)
	186,300	166,107	25,083	20,659
Proportion of the Group's ownership	20.3%	19.7%	35.5%	35.5%
Group's share of net assets	37,800	32,657	8,909	7,338
Other adjustments	139	(122)	15,599 <sup>(1)</sup>	18,836 <sup>(1)</sup>
Carrying amount of the investment	37,939	32,535	24,508	26,174

### Summarised statement of comprehensive income

	Finbar Group Limited		Pacific Star Development Limited	
	30 June 2018 US\$'000	30 June 2017 US\$'000	30 June 2018 <sup>(2)</sup> US\$'000	30 June 2017 <sup>(3)</sup> US\$'000
Revenue	116,653	91,101	89,391	23,623
Profit after tax	10,785	3,914	18,414	4,433
Other comprehensive income	(136)	(186)	716	(138)
Total comprehensive income	10,649	3,728	19,130	4,295
Dividends received from the associate during the financial year	2,190	2,428	–	–

<sup>(1)</sup> Other adjustments mainly relate to the fair value uplift of a development property determined as part of the purchase price allocation performed on 15 February 2017, by an independent professional valuer.

<sup>(2)</sup> The results disclosed relate to the 18-month period, from 1 January 2017 to 30 June 2018.

<sup>(3)</sup> The results disclosed relate to the 6-month period, 1 January 2017 to 30 June 2017, during which the entity became an associate on 15 February 2017.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 15. Joint operations

Name	Country of operation	Principal activities	Effective interest held by the Group	
			2018 %	2017 %
<b>Held through subsidiaries:</b>				
<b>Held by Ventrade Australia Pty Ltd</b>				
187 Adelaide Terrace	Australia	Property development	50	50
<b>Held by Ventrade Maylands Pty Ltd</b>				
241 Railway Parade	Australia	Property development	50	50

## 16. Investment securities

	Group		Company	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<b>Current</b>				
Held-for-trading investments:				
Quoted equity securities	19,663	11,255	15,650	8,920
<b>Non-current</b>				
Available-for-sale financial assets <sup>(i)</sup> :				
Quoted equity securities	652	1,125	–	315
Quoted bond investments	1,336	1,132	213	–
Unquoted fund investments	15,211	16,028	3,547	4,008
Unquoted equity securities, at cost <sup>(ii)</sup>	9,590	10,679	777	1,096
	26,789	28,964	4,537	5,419

<sup>(i)</sup> The available-for-sale financial assets are held on a long-term basis for strategic purposes in accordance with the Group's and the Company's business plans.

<sup>(ii)</sup> The unquoted equity securities, at cost, include investments in certain companies where the Group has more than 20% effective equity interests. However, it has been determined that the Group does not have significant influence in these companies as defined by FRS 28 "Investments in Associates and Joint Ventures" due to no representation on the board of the investees, non-participation in the policy-making processes including dividends or other distributions, non-existence of material transactions between the Group and the investees, no interchange of managerial personnel and no provision of essential technical information to the investees during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 16. Investment securities (cont'd)

The Group's investment securities amounting to US\$14,299,000 (2017: US\$15,023,000) are pledged as security for bank loans (Note 25) and other bank facilities.

### *Impairment loss on available-for-sale financial assets*

During the financial year, the Group and the Company recognised the following impairment losses on available-for-sale financial assets:

- Impairment loss of US\$205,000 (2017: nil) and US\$113,000 (2017: nil) for the quoted and unquoted equity securities respectively as there were "significant" or "prolonged" decline in the fair value of these investments below their costs. The Group and the Company treat "significant" generally as 30% and "prolonged" as greater than 12 months.
- Impairment loss of US\$146,000 (2017: nil) pertaining to an unquoted fund investment carried at fair value, reflecting the write-down in the carrying value because there is indication that its carrying amount is not recoverable by reference to the latest available financial information.

## 17. Other assets

	Group	
	2018 US\$'000	2017 US\$'000
<b>Club memberships, at cost</b>		
At 1 July	315	315
Additions	15	–
Disposals	(250)	–
At 30 June	80	315
<b>Accumulated impairment loss</b>		
At 1 July	54	78
Write-back of impairment loss	–	(24)
Disposals	(54)	–
At 30 June	–	54
<b>Net carrying amount</b>		
At 30 June	80	261

No impairment is required for the financial year as the recoverable amount of the club memberships was higher than their carrying amount (2017: write-back of impairment loss of US\$24,000 recognised in profit or loss under the line item "other losses", representing the revaluation of the carrying amount of club memberships to their recoverable amount) (Note 5). The recoverable amount of the club memberships is determined based on its fair value less cost to sell.

Total fair value of club memberships as at 30 June 2018 was US\$120,000 (2017: US\$299,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 18. Deferred tax

Deferred tax as at 30 June relates to the following:

	Group			
	Balance sheet		Statement of comprehensive income	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<b>Deferred tax assets:</b>				
Provision	105	92	(13)	(18)
Unutilised tax losses	–	4	4	1
Fair value changes on investment securities	139	–	(139)	–
	<u>244</u>	<u>96</u>		
<b>Deferred tax liabilities:</b>				
Differences in development properties	(310)	(898)	(581)	(562)
Differences in depreciation	(786)	(765)	21	79
Differences in recognition of rental income	(16)	(2)	14	2
Unremitted foreign interest income	(273)	(316)	(43)	109
	<u>(1,385)</u>	<u>(1,981)</u>		
Deferred tax benefit (Note 7)			<u>(737)</u>	<u>(389)</u>

### Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2017: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to US\$5,585,000 (2017: US\$3,326,000). The deferred tax liability is estimated to be US\$758,000 (2017: US\$608,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 19. Development properties

	Group	
	2018 US\$'000	2017 US\$'000
Completed properties	19,370	59,349
Properties under development	6,512	6,767
	25,882	66,116

Details of the Group's development properties are as follows:

Description of properties	Tenure of land	Stage of completion (expected time of completion)	Site area/ gross floor area (square metre)	Effective interest in properties %
<b>Concerto</b>				
A 38-storey residential development comprising 226 apartments and 1 commercial unit on Adelaide Terrace, East Perth, Western Australia	Freehold	Completed in FY2017	6,303/35,960	100
<b>Unison on Tenth</b>				
167 apartments and 2 commercial units on Tenth Avenue, Maylands, Western Australia	Freehold	Completed in FY2016	8,760/12,990	100
<b>Unison on Kennedy</b>				
A 3-storey residential development comprising 120 apartments and 3 commercial units on Kennedy Street, Maylands, Western Australia	Freehold	FY2020	8,966/8,567	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 20. Inventories

	Group	
	2018 US\$'000	2017 US\$'000
<b>Balance sheet</b>		
Raw materials	26,832	27,254
Work-in-progress	1,939	1,740
Finished goods	10,022	7,815
	38,793	36,809
<b>Statement of comprehensive income</b>		
Inventories recognised as raw materials and consumables expense	222,421	149,812
Profit or loss includes the following charge/(credit):		
Inventories written down	641	–
Write-back of allowance for inventories	–	(721)
	–	(721)

## 21. Trade and other receivables

	Group		Company	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<b>Trade and other receivables (current)</b>				
Trade receivables	39,335	39,543	18	–
Trade receivables - associate	11,777	17,132	–	–
Loan receivable	8,349	–	–	–
GST/VAT recoverable	826	528	–	–
Deposits	228	693	39	22
Prepayments	814	2,999	19	12
Others	199	195	46	8
	61,528	61,090	122	42
<b>Other receivables (non-current)</b>				
Loan receivable from associate	–	20,860	–	–
Loan receivable	–	7,966	–	–
Others	62	45	–	–
	62	28,871	–	–
Total trade and other receivables	61,590	89,961	122	42
Less: GST/VAT recoverable	(826)	(528)	–	–
Less: Prepayments	(814)	(2,999)	(19)	(12)
Loans and receivables	59,950	86,434	103	30

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 21. Trade and other receivables (cont'd)

### *Trade receivables*

Trade receivables are non-interest bearing and credit terms generally range from 30 to 60 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

### *Loan receivable (current)*

Loan receivable is non-trade related, interest bearing at 5% per annum, repayable on 2 October 2018 with option to extend by one year and is to be settled in cash. The loan was reclassified from non-current receivable to current receivable during the year.

### *Loan receivable from associate (non-current)*

The non-current loan receivable from associate was unsecured and for the purpose of the Group's property development project with the associate. The amount was interest bearing at 6% per annum and fully repaid during the year.

### *Receivables that are past due but not impaired*

The Group has trade receivables that are past due at the end of the reporting period but not impaired. The analysis of their ageing at the end of the reporting period is as follows:

	Group	
	2018 US\$'000	2017 US\$'000
Past due and not impaired:		
Less than 3 months	4,212	3,625
3 months or more	483	–
	4,695	3,625

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

No allowance for impairment was made to the above receivables that were past due but not impaired as there was no significant change in credit quality and the amounts were still considered recoverable.

## 22. Amounts due from subsidiaries

	Company	
	2018 US\$'000	2017 US\$'000
Amounts due from subsidiaries	58,552	94,488
Allowance for impairment	(5,500)	(5,500)
	53,052	88,988

There has been no movement in the allowance for impairment account for the years ended 30 June 2018 and 2017.

Amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 23. Derivative financial instruments

	Group			Company		
	Contract/ notional amount US\$'000	Assets US\$'000	Liabilities US\$'000	Contract/ notional amount US\$'000	Assets US\$'000	Liabilities US\$'000
	<b>2018</b>					
Equity related derivative contracts	6,952	–	(323)	6,711	–	(226)
<b>2017</b>						
Equity related derivative contracts	17,307	12	(175)	10,624	–	(95)

These derivative contracts may be terminated earlier than the maturity dates upon the occurrence of the knock-out event as stipulated in the contracts. The derivative contracts' maturity dates range from 6 August 2018 to 13 May 2019.

Certain derivative contracts are pledged as security for bank loans (Note 25) and other bank facilities.

## 24. Cash and cash equivalents

	Group		Company	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
	Cash at banks	37,292	55,868	9,194
Short-term deposits	79,666	46,771	29,866	14,655
	116,958	102,639	39,060	32,083

Investments in money market funds of US\$6,874,000 (2017: US\$27,886,000) and US\$5,718,000 (2017: US\$10,986,000) are recognised under cash at banks of the Group and the Company respectively as cash equivalents, due to their first-class rating and investment in extremely short-term money market securities, undergo only minor value fluctuations and can be readily converted into known amounts of cash.

Short-term deposits are placed for varying periods of three months or less, depending on the immediate cash requirements of the Group and the Company. The weighted average effective interest rates as at 30 June 2018 for the Group and the Company were 2.16% (2017: 1.02%) and 2.18% (2017: 1.02%) per annum, respectively.

Cash and cash equivalents amounting to US\$1,751,000 (2017: US\$26,494,000) of the Group are pledged as security for bank loans (Note 25) and other bank facilities.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 25. Borrowings

	Group	
	2018 US\$'000	2017 US\$'000
<b>Secured bank loans</b>		
Current	7,633	7,720

Short-term loans drawn by a subsidiary of US\$7,633,000 (2017: US\$7,720,000) is for the purpose of investing in unquoted fund investments. The interest rates ranged from 2.26% to 3.39% (2017: 1.60% to 2.26%) per annum. The loans are fully repayable on 23 July 2018 and 11 September 2018 and are secured by the borrowing subsidiary's cash and cash equivalents (Note 24), investment securities (Note 16) and derivative financial instruments (Note 23).

A reconciliation of liabilities arising from financing activities is as follows:

	2017 US\$'000	Cash flows US\$'000	2018 US\$'000
Secured bank loans	7,720	(87)	7,633

## 26. Trade and other payables

	Group		Company	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<b>Trade and other payables (current)</b>				
Trade payables	44,266	41,139	–	–
Accrued property development expenditure and operating expenses	31,653	67,934	2,830	2,895
Provisions	5,002	3,971	–	–
Other payables	641	1,914	532	481
	81,562	114,958	3,362	3,376
<b>Other payables (non-current)</b>				
Provision	205	198	–	–
Other payables	256	72	28	–
	461	270	28	–
Total trade and other payables	82,023	115,228	3,390	3,376
Less: Provisions and accrued operating expenses	(5,186)	(9,260)	(124)	(121)
Financial liabilities at amortised cost	76,837	105,968	3,266	3,255

These amounts are non-interest bearing. Trade payables are normally on credit terms of 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 26. Trade and other payables (cont'd)

The following table shows the movement of provisions for the financial years ended 30 June 2018 and 2017:

Group	Excess purchase order US\$'000	Staff retrenchment US\$'000	Staff benefits US\$'000	Total US\$'000
<b>2018</b>				
At 1 July 2017	3,321	524	126	3,971
Additions	952	284	79	1,315
Utilisation	(211)	(26)	(47)	(284)
Exchange differences	5	12	(17)	–
At 30 June 2018	4,067	794	141	5,002
<b>2017</b>				
At 1 July 2016	2,194	697	–	2,891
Additions	1,223	162	–	1,385
Utilisation	(91)	(29)	–	(120)
Reclassification	–	(295)	126	(169)
Exchange differences	(5)	(11)	–	(16)
At 30 June 2017	3,321	524	126	3,971

## 27. Amounts due to subsidiaries

The amounts due to subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

## 28. Share capital

	Group and Company			
	2018		2017	
	No. of shares '000	Share capital US\$'000	No. of shares '000	Share capital US\$'000
<b>Issued and fully paid ordinary shares:</b>				
At 1 July	928,273	150,863	930,032	151,194
Share buyback	–	–	(1,759)	(331)
At 30 June	928,273	150,863	928,273	150,863

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 29. Reserves

### (a) *Currency translation reserve*

The currency translation reserve represents exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation currency.

### (b) *Investment revaluation reserve*

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

### (c) *Capital reserve*

Capital reserve arose as a result of changes in the ownership interests of the Company's subsidiaries that did not result in a loss of control and were accounted for as equity transactions.

## 30. Related party transactions

- (a) In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Transactions with key management personnel and related company:		
Engineering support services	501	647
Consultancy services	118	113
Transactions with associate:		
Interest income	430	1,283
Property development expenses	41,877	61,038

- (b) The remuneration of key management personnel are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Salaries, allowances and short term benefits	7,500	6,735
Defined contribution plan	151	171
	<b>7,651</b>	<b>6,906</b>

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 31. Fair value of assets and liabilities

### (a) Fair value hierarchy

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

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

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

### (b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
<b>2018</b>				
<b>Financial assets</b>				
<u>Held-for-trading investments</u>				
(Note 16)				
Quoted equity securities	19,663	-	-	19,663
<u>Available-for-sale financial assets</u>				
(Note 16)				
Quoted equity securities	652	-	-	652
Quoted bond investments	1,336	-	-	1,336
Unquoted fund investments	-	15,211	-	15,211
	21,651	15,211	-	36,862
<b>Non-financial assets</b>				
<u>Investment properties</u>				
(Note 12)				
Commercial properties	-	24,196	-	24,196
<b>Financial liabilities</b>				
<u>Derivative financial instruments</u>				
(Note 23)				
Equity related derivative contracts	-	323	-	323

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 31. Fair value of assets and liabilities (cont'd)

### (b) *Assets and liabilities measured at fair value* (cont'd)

Group	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
<b>2017</b>				
<b>Financial assets</b>				
<u>Held-for-trading investments</u>				
<u>(Note 16)</u>				
Quoted equity securities	11,255	–	–	11,255
<u>Available-for-sale financial assets</u>				
<u>(Note 16)</u>				
Quoted equity securities	1,125	–	–	1,125
Quoted bond investments	1,132	–	–	1,132
Unquoted fund investments	–	16,028	–	16,028
<u>Derivative financial instruments</u>				
<u>(Note 23)</u>				
Equity related derivative contracts	–	12	–	12
	13,512	16,040	–	29,552
<b>Non-financial assets</b>				
<u>Investment properties</u>				
<u>(Note 12)</u>				
Commercial properties	–	23,816	–	23,816
<b>Financial liabilities</b>				
<u>Derivative financial instruments</u>				
<u>(Note 23)</u>				
Equity related derivative contracts	–	175	–	175

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 31. Fair value of assets and liabilities (cont'd)

### (b) *Assets and liabilities measured at fair value* (cont'd)

Company	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant observable inputs other than quoted prices (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
<b>2018</b>				
<b>Financial assets</b>				
<u>Held-for-trading investments</u> (Note 16)				
Quoted equity securities	15,650	–	–	15,650
<u>Available-for-sale financial assets</u> (Note 16)				
Quoted bond investments	213	–	–	213
Unquoted fund investments	–	3,547	–	3,547
	15,863	3,547	–	19,410
<b>Financial liabilities</b>				
<u>Derivative financial instruments</u> (Note 23)				
Equity related derivative contracts	–	226	–	226
<b>2017</b>				
<b>Financial assets</b>				
<u>Held-for-trading investments</u> (Note 16)				
Quoted equity securities	8,920	–	–	8,920
<u>Available-for-sale financial assets</u> (Note 16)				
Quoted equity securities	315	–	–	315
Unquoted fund investments	–	4,008	–	4,008
	9,235	4,008	–	13,243
<b>Financial liabilities</b>				
<u>Derivative financial instruments</u> (Note 23)				
Equity related derivative contracts	–	95	–	95

There is no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy for the financial years ended 30 June 2018 and 2017.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 31. Fair value of assets and liabilities (cont'd)

### (c) **Level 2 fair value measurements**

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

#### *Commercial investment properties (Note 12)*

The valuation of commercial investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

#### *Unquoted fund investments (Note 16)*

Fair value is determined based on the net asset value published by the fund manager at the end of the reporting period.

#### *Equity related derivative contracts (Note 23)*

Over-the-counter ("OTC") contracts are valued by financial institutions, of which fair value is determined based on valuation techniques using observable market parameters as inputs.

### (d) **Assets not carried at fair value, for which fair value is disclosed**

The following table shows an analysis of the Group's and the Company's assets not measured at fair value but for which fair value is disclosed:

	<b>Quoted prices in active markets for identical assets US\$'000</b>	<b>Carrying amount US\$'000</b>
<b>2018</b>		
<b>Group</b>		
Associates	66,081	62,447
<b>Company</b>		
Associate	38,758	40,143
<b>2017</b>		
<b>Group</b>		
Associates	56,761	58,709
<b>Company</b>		
Associate	27,762	33,400



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 31. Fair value of assets and liabilities (cont'd)

### (e) *Financial assets and liabilities not carried at fair value, for which carrying amounts approximate fair value*

*Cash and cash equivalents, trade and other receivables, amounts due from/(to) subsidiaries, borrowings and trade and other payables*

The carrying amount of these financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

The carrying amounts of loans and receivables and financial liabilities carried at amortised cost are as follows:

	Note	Group		Company	
		2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
<b>Loans and receivables</b>					
Cash and cash equivalents	24	116,958	102,639	39,060	32,083
Trade and other receivables	21	59,950	86,434	103	30
Amounts due from subsidiaries	22	–	–	53,052	88,988
		<u>176,908</u>	<u>189,073</u>	<u>92,215</u>	<u>121,101</u>
<b>Financial liabilities at amortised cost</b>					
Borrowings	25	7,633	7,720	–	–
Trade and other payables	26	76,837	105,968	3,266	3,255
Amounts due to subsidiaries	27	–	–	4,006	1,694
		<u>84,470</u>	<u>113,688</u>	<u>7,272</u>	<u>4,949</u>

### (f) *Financial assets not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

*Unquoted equity investments*

Certain unquoted equity investments are stated at cost less impairment as the fair value of investments cannot be reliably measured because the fair value cannot be obtained directly from quoted market price or indirectly using valuation techniques supported by observable market data. These equity investments are acquired for long term, strategic investment purposes. The Group does not intend to dispose of these investments in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 32. Financial risk management objectives and policies

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. The Group is exposed to market risk (which includes price, currency and interest rate risks), liquidity risk and credit risk.

### (a) Market risk

#### (i) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than currency risk or interest rate risk).

The Group is exposed to market price risk arising from quoted equity securities and quoted bond investments (Note 16) classified as held-for-trading investments and available-for-sale financial assets, as well as derivative financial instruments (Note 23). Available-for-sale financial assets are held for strategic rather than trading purposes. To manage its exposure to market price risk, the Group diversifies its investment portfolio within acceptable parameters as endorsed by the board of directors, through prudent assessment of investments prior to investing and ongoing monitoring of their performance.

At the end of the reporting period, if the price of the available-for-sale financial assets held had been 5% (2017: 5%) higher/lower with all other variables held constant, the investment revaluation reserve of the Group and the Company would have been US\$99,000 (2017: US\$113,000) and US\$11,000 (2017: US\$16,000) higher/lower, respectively.

At the end of the reporting period, if the price of the held-for-trading investments and derivative financial instruments held had been 5% (2017: 5%) higher/lower with all other variables held constant, the profit before tax of the Group would have been US\$967,000 (2017: US\$555,000) higher/lower.

#### (ii) Foreign currency risk

The Group and the Company have transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily United States dollar (USD), Singapore dollar (SGD), Australian dollar (AUD) and Hong Kong dollar (HKD).

At the end of the reporting period, the material carrying amount of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

Group	USD	SGD	AUD	HKD	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2018</b>						
<b>Financial assets</b>						
Cash and cash equivalents	1,157	5,145	26,975	2,427	303	36,007
Trade and other receivables	1,146	104	12	11	1	1,274
Investment securities	–	3,238	–	1,741	2,961	7,940
	2,303	8,487	26,987	4,179	3,265	45,221
<b>Financial liabilities</b>						
Trade and other payables	(3,073)	(4,396)	–	(5)	(212)	(7,686)
Derivative financial instruments	–	–	–	(111)	–	(111)
	(3,073)	(4,396)	–	(116)	(212)	(7,797)
Net financial assets/(liabilities)	(770)	4,091	26,987	4,063	3,053	37,424

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 32. Financial risk management objectives and policies (cont'd)

### (a) **Market risk** (cont'd)

#### (ii) *Foreign currency risk* (cont'd)

Group	USD US\$'000	SGD US\$'000	AUD US\$'000	HKD US\$'000	Others US\$'000	Total US\$'000
<b>2017</b>						
<b>Financial assets</b>						
Cash and cash equivalents	2,591	13,584	3,571	3,475	190	23,411
Trade and other receivables	541	85	20,860	–	561	22,047
Investment securities	–	3,030	–	1,611	2,396	7,037
Derivative financial instruments	–	29	–	–	–	29
	3,132	16,728	24,431	5,086	3,147	52,524
<b>Financial liabilities</b>						
Trade and other payables	(2,109)	(4,163)	(443)	–	(255)	(6,970)
Derivative financial instruments	–	–	–	(37)	–	(37)
	(2,109)	(4,163)	(443)	(37)	(255)	(7,007)
Net financial assets	1,023	12,565	23,988	5,049	2,892	45,517

Company	SGD US\$'000	AUD US\$'000	HKD US\$'000	Others US\$'000	Total US\$'000
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	4,172	14,914	2,378	15	21,479
Trade and other receivables	46	12	7	–	65
Amounts due from subsidiaries	35,596	–	–	–	35,596
Investment securities	3,112	–	1,285	2,962	7,359
	42,926	14,926	3,670	2,977	64,499
<b>Financial liabilities</b>					
Trade and other payables	(3,266)	–	–	–	(3,266)
Amounts due to subsidiaries	(137)	–	–	–	(137)
Derivative financial instruments	–	–	(111)	–	(111)
	(3,403)	–	(111)	–	(3,514)
Net financial assets	39,523	14,926	3,559	2,977	60,985

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 32. Financial risk management objectives and policies (cont'd)

### (a) **Market risk** (cont'd)

#### (ii) *Foreign currency risk* (cont'd)

Company	SGD US\$'000	AUD US\$'000	HKD US\$'000	Others US\$'000	Total US\$'000
<b>2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	8,538	3,070	3,115	10	14,733
Trade and other receivables	30	–	–	–	30
Amounts due from subsidiaries	39,952	1,383	–	–	41,335
Investment securities	3,000	–	85	2,395	5,480
Derivative financial instruments	11	–	–	–	11
	51,531	4,453	3,200	2,405	61,589
<b>Financial liabilities</b>					
Trade and other payables	(3,239)	–	–	–	(3,239)
Amounts due to subsidiaries	(1,254)	–	–	–	(1,254)
Derivative financial instruments	–	–	(37)	–	(37)
	(4,493)	–	(37)	–	(4,530)
Net financial assets	47,038	4,453	3,163	2,405	57,059

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the exchange rates of the Australian dollar, Singapore dollar, Hong Kong dollar and United States dollar against the functional currency of the respective Group entities, with all other variables held constant. The sensitivity analysis includes all outstanding foreign currency denominated monetary items.

If the relevant foreign currency weakens by 5% (2017: 5%) against the functional currency of the respective Group entities, profit before tax will decrease/(increase) by:

Group	Impact on Profit before tax	
	2018 US\$'000	2017 US\$'000
United States dollar	(39)	51
Singapore dollar	205	628
Australian dollar	1,349	1,199
Hong Kong dollar	203	253

A 5% strengthening of the relevant foreign currency against the functional currency of the respective Group entities would have resulted in an equal but opposite effect on the financial statements of the respective Group entities, with all other variables held constant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 32. Financial risk management objectives and policies (cont'd)

### (a) **Market risk** (cont'd)

#### (iii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their cash and cash equivalents and borrowings.

At the end of the reporting period, if interest rates had been 1% (2017: 1%) higher/lower, with all other variables held constant, the Group's profit before tax would have increased/decreased by approximately US\$720,000 (2017: US\$391,000).

### (b) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group closely monitors its working capital requirements and funds available. Sufficient liquidity is ensured through efficient cash management and adequate lines of credit. Cash and cash equivalents are maintained at a healthy level appropriate to the operating environment and expected cash flows of the Group.

All financial assets and financial liabilities held by the Group and the Company at the end of the reporting period are receivable and repayable on demand or due within one year, except for investment securities that are held long-term for strategic purposes.

The following table shows the contractual expiry by maturity of the Group's and the Company's contingent liabilities. The maximum amount of the financial guarantee is allocated to the earliest period in which the guarantee could be called.

	<b>Group and Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Within 1 year</b>		
Financial guarantees	–	15,147

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 32. Financial risk management objectives and policies (cont'd)

### (c) *Credit risk*

Credit risk is the risk of a default by a counterparty on its contractual obligations resulting in financial loss to the Group and the Company. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company minimises credit risk in relation to investment securities, derivative financial instruments and cash and short-term deposits by dealing exclusively with high credit rating, reputable financial institutions.

#### (i) *Trade and other receivables*

The Group and the Company have adopted a policy of only dealing with recognised and creditworthy counterparties. Trade receivables consist of a large number of customers, spread across Asia Pacific, Europe and North America.

The Group and the Company perform ongoing credit evaluations of its customers' financial conditions and generally do not require collateral. This evaluation includes assessing customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

The carrying amount of financial assets recorded in the financial statements, represents the Group's and Company's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Further details of credit risk on trade and other receivables are disclosed in Note 21.

#### Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	<b>Group</b>			
	<b>2018</b>		<b>2017</b>	
	<b>US\$'000</b>	<b>% of total</b>	<b>US\$'000</b>	<b>% of total</b>
<b>By country:</b>				
United States of America	26,137	51%	24,530	43%
Australia	11,777	23%	17,117	31%
Europe	6,159	12%	7,977	14%
People's Republic of China	4,133	8%	3,005	5%
Singapore	1,548	3%	1,342	2%
Others	1,358	3%	2,704	5%
	<b>51,112</b>	<b>100%</b>	<b>56,675</b>	<b>100%</b>

At the end of the reporting period, approximately:

- 17% (2017: 34%) of the Group's trade receivables was due from two major customers from the United States of America and one major customer from Europe.
- 23% (2017: 30%) of the Group's trade receivables was due from an associate in Australia.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 33. Capital management

The primary objective of the Group's capital management is to maintain an optimal capital structure to maximise shareholders' value and to support business growth, taking into consideration underlying business risks.

The Group manages its capital through regular reviews to ensure business returns commensurate with the level of risks and adjustments to capital allocations are made in the light of changes in economic conditions. No changes were made in the Group's objectives and policies during the financial years ended 30 June 2018 and 2017.

## 34. Segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- The investment segment relates to investment holding and trading, group level corporate and treasury activities;
- The electronics manufacturing services segment delivers end-to-end manufacturing supply chain solutions that comprise design, manufacturing engineering, material sourcing and procurement, assembly, testing and logistics; and
- The property segment comprises property development, investment in properties and investment in property related entities.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Investment US\$'000	Electronics manufacturing services US\$'000	Property US\$'000	Elimination US\$'000	Total US\$'000
<b>2018</b>					
<b>Revenue</b>					
External sales	3,432	288,673	53,193	–	345,298
Inter-segment sales	14,592	–	–	(14,592)	–
Total revenue	18,024	288,673	53,193	(14,592)	345,298
<b>Results</b>					
Finance costs	(205)	–	–	–	(205)
Fair value gain on investment properties	–	–	157	–	157
Depreciation/amortisation expense	(135)	(3,351)	–	–	(3,486)
Share of results of associates	–	–	134	–	134
Segment (loss)/profit	(6,634)	18,257	5,905	–	17,528
<b>Assets and liabilities</b>					
Associates	–	–	62,447	–	62,447
Additions to plant and equipment	11	4,938	–	–	4,949
Segment assets	97,783	166,518	141,355	–	405,656
Segment liabilities	12,230	65,998	18,366	–	96,594

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 34. Segment information (cont'd)

	Investment US\$'000	Electronics manufacturing services US\$'000	Property US\$'000	Elimination US\$'000	Total US\$'000
<b>2017</b>					
<b>Revenue</b>					
External sales	3,408	198,776	81,005	–	283,189
Inter-segment sales	20,026	141	–	(20,167)	–
Total revenue	23,434	198,917	81,005	(20,167)	283,189
<b>Results</b>					
Finance costs	(209)	–	–	–	(209)
Depreciation/amortisation expense	(139)	(2,750)	–	–	(2,889)
Loss on dilution of interest in an associate	–	–	(1,395)	–	(1,395)
Share of results of associates	–	–	193	–	193
Segment profit	954	10,777	8,703	–	20,434
<b>Assets and liabilities</b>					
Associates	–	–	58,709	–	58,709
Additions to plant and equipment	78	1,563	–	–	1,641
Segment assets	96,090	147,355	202,885	–	446,330
Segment liabilities	12,259	59,990	58,284	–	130,533

### Geographical information

Revenue by geographical segment is based on the country in which the counterparty is located.

Segment assets (non-current assets excluding financial and deferred tax assets) are based on the geographical location of these assets.

Group	Revenue		Non-current assets	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Singapore	17,744	20,838	71,439	71,840
Australia	51,366	79,908	37,939	32,535
ASEAN (excluding Singapore)	2,850	3,732	3,726	4,306
People's Republic of China	18,786	17,090	2,275	1,511
United States of America	179,280	108,846	1	1
Europe	66,858	47,075	–	–
Others	8,414	5,700	–	–
	345,298	283,189	115,380	110,193

### Information about major customers - electronics manufacturing services

In relation to the electronics manufacturing services revenue of US\$288,673,000 (2017: US\$196,802,000), sale of goods to three major customers contributed a total revenue of approximately US\$125,437,000 (2017: US\$72,530,000) during the year.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 35. Contingent liabilities

	Group		Company	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Guarantees	–	15,147	–	15,147

The Company has been released from its obligations under the guarantees previously provided for bank facilities of its subsidiary and bank borrowings of its associate, in relation to the property development project.

## 36. Commitments

### *Operating lease commitments*

#### As lessee

The Group has entered into non-cancellable operating lease agreements for the rental of factory space, office premises, residential premises and land.

	Group	
	2018 US\$'000	2017 US\$'000
Minimum lease payments under operating lease recognised as an expense in profit or loss, excluding amortisation of prepaid lease payments	485	1,116

Future minimum lease payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Not later than 1 year	463	455	130	134
Later than 1 year but not later than 5 years	1,061	1,232	260	–
Later than 5 years	3,751	3,964	–	–
	5,275	5,651	390	134

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

## 36. Commitments (cont'd)

### *Operating lease commitments* (cont'd)

#### As lessor

The Group has entered into operating lease agreements on its investment properties and leasehold properties.

	Group	
	2018 US\$'000	2017 US\$'000
Rental income for the year included in profit or loss	1,004	2,413

Future minimum lease receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018 US\$'000	2017 US\$'000
Not later than 1 year	906	891
Later than 1 year but not later than 5 years	1,273	375
	<u>2,179</u>	<u>1,266</u>

## 37. Events occurring after the reporting period

### *Development property*

On 9 July 2018, Ventrade Australia Pty Ltd, a wholly owned subsidiary of the Group entered into a contract for sale of land situated at lot 389, 187 Adelaide Terrace, East Perth, with Finbar Sub 104 Pty Ltd (wholly-owned subsidiary of Finbar Group Limited, an associate of the Group) for A\$4,500,000. The final settlement amount is approximately A\$2,667,000 after taking into account the costs incurred by the buyer up to 7 September 2018, the date of settlement. As at 30 June 2018, the carrying amount of the land was nil (Note 19).

### *Loan receivable (current)*

On 28 August 2018, the borrower of the loan receivable exercised its option to extend the loan tenure by one year. Accordingly, the loan is repayable on 2 October 2019 and all other terms remain unchanged. The loan receivable of US\$8,349,000 (Note 21) was classified as current asset as at 30 June 2018.

## 38. Approval of the financial statements

The financial statements of the Group for the financial year ended 30 June 2018 were approved and authorised for issue by the board of directors on 7 September 2018.

# STATISTICS OF SHAREHOLDINGS

As at 12 September 2018

## Share Capital

Total Number of Issued Shares	:	928,272,850
Issued and Fully Paid-up Capital	:	S\$265,321,291.36
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
Number/Percentage of Treasury Shares	:	0 (0%)
Number/Percentage of Subsidiary Holdings	:	0 (0%)

## Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	6	0.07	144	0.00
100 – 1,000	189	2.10	160,477	0.02
1,001 – 10,000	4,472	49.73	30,872,257	3.32
10,001 – 1,000,000	4,292	47.72	239,491,156	25.80
1,000,001 and above	34	0.38	657,748,816	70.86
<b>Total</b>	<b>8,993</b>	<b>100.00</b>	<b>928,272,850</b>	<b>100.00</b>

## Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	%
1	Citibank Nominees Singapore Pte Ltd	504,582,950	54.36
2	DBS Nominees Pte Ltd	27,325,566	2.94
3	Peh Kwee Chim	19,379,000	2.09
4	DBS Vickers Securities (Singapore) Pte Ltd	19,358,100	2.09
5	United Overseas Bank Nominees Pte Ltd	15,597,000	1.68
6	OCBC Nominees Singapore Pte Ltd	7,478,900	0.81
7	Morph Investments Ltd	5,280,000	0.57
8	Teo Cheng Tuan Donald	4,000,000	0.43
9	Lim Meng Kong	3,824,500	0.41
10	Raffles Nominees (Pte) Ltd	3,738,900	0.40
11	OCBC Securities Private Ltd	3,386,000	0.36
12	Leong Hein Hak	3,250,000	0.35
13	Maybank Kim Eng Securities Pte Ltd	3,054,600	0.33
14	Ng Thin Onn Tony	3,000,000	0.32
15	Phillip Securities Pte Ltd	2,644,700	0.28
16	See Beng Lian Janice	2,617,100	0.28
17	Boh Yun Mei	2,600,000	0.28
18	Seah Kiok Leng	2,210,000	0.24
19	UOB Kay Hian Pte Ltd	2,163,000	0.23
20	Loa Sze Pin	2,150,000	0.23
<b>Total:</b>		<b>637,640,316</b>	<b>68.68</b>

# STATISTICS OF SHAREHOLDINGS

As at 12 September 2018

## Substantial Shareholders

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
3P Pte Ltd	478,264,490	51.52 <sup>(a)&amp;(b)</sup>	–	–
Peh Kwee Chim	19,379,000	2.09	478,264,490	51.52 <sup>(c)</sup>
Qing Shan Pte Ltd	–	–	478,264,490	51.52 <sup>(b)</sup>
TMF Trustees Singapore Limited	–	–	478,264,490	51.52 <sup>(b)</sup>
Peh Siong Woon Terence	–	–	478,264,490	51.52 <sup>(d)</sup>
Beamsbury Limited	–	–	478,264,490	51.52 <sup>(e)</sup>

### Notes:

- <sup>(a)</sup> Held in the name of its nominee, Citibank Nominees Singapore Pte Ltd.
- <sup>(b)</sup> 3P Pte Ltd is a wholly-owned subsidiary of Qing Shan Pte Ltd, which is in turn entirely held by TMF Trustees Singapore Limited as trustee of a trust constituted by Mr Peh Kwee Chim ("Trust").
- <sup>(c)</sup> Mr Peh Kwee Chim is a director of 3P Pte Ltd and is also the settlor of the Trust, and is therefore deemed, pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and Section 7 of the Companies Act, Chapter 50 of Singapore (the "CA"), to have an interest in the 478,264,490 shares of the Company held by 3P Pte Ltd.
- <sup>(d)</sup> Mr Peh Siong Woon Terence is a director of 3P Pte Ltd and is also the beneficiary of the Trust, and is therefore deemed, pursuant to Section 4 of the SFA and Section 7 of the CA, to have an interest in the 478,264,490 shares of the Company held by 3P Pte Ltd.
- <sup>(e)</sup> Beamsbury Limited, the nominee corporate director of TMF Trustees Singapore Limited and sole director of Qing Shan Pte Ltd, manages, controls the operations of and determines the policy with respect to Qing Shan Pte Ltd.

## Shareholdings held by Public

Based on information available to the Company as at 12 September 2018, approximately 46.35% 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 is complied with.

# NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS

**CHUAN HUP HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Co. Reg. No. 197000572R)

**NOTICE IS HEREBY GIVEN** that the Forty-Eighth Annual General Meeting of Chuan Hup Holdings Limited (“the **Company**”) will be held at the Multi-Purpose Room, 2<sup>nd</sup> Floor, 35 Pioneer Road North, Singapore 628475 on Thursday, 18 October 2018 at 2.00 p.m. to transact the following business:

**(A) ORDINARY BUSINESS:**

- |    |  |                       |
|----|--|-----------------------|
| 1. | To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 30 June 2018 and the Auditor’s Report thereon.                   | Ordinary Resolution 1 |
| 2. | To declare a final tax exempt one-tier dividend of 1 SG cent per ordinary share for the financial year ended 30 June 2018.   | Ordinary Resolution 2 |
| 3. | To re-elect Ms Heng Su-Ling Mae who is retiring under Regulation 80 of the Company’s Constitution and who, being eligible, offers herself for re-election.                   | Ordinary Resolution 3 |
| 4. | To re-elect Mr Lim Kwee Siah who is retiring by rotation under Regulation 85 of the Company’s Constitution and who, being eligible, offers himself for re-election.          | Ordinary Resolution 4 |
| 5. | To re-elect Mr Peh Siong Woon Terence who is retiring by rotation under Regulation 85 of the Company’s Constitution and who, being eligible, offers himself for re-election. | Ordinary Resolution 5 |
| 6. | To note that Mdm Joanna Young Sau Kwan will be retiring and she will not be seeking re-election at this Annual General Meeting.  |                       |
| 7. | To approve the sum of SGD192,200 to be paid to Non-Executive Directors as Directors’ fees for the financial year ended 30 June 2018 (FY 2017: SGD198,000).                   | Ordinary Resolution 6 |
| 8. | To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.  | Ordinary Resolution 7 |

**(B) SPECIAL BUSINESS:**

- |    |  |                       |
|----|--|-----------------------|
| 9. | To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution: | Ordinary Resolution 8 |
|----|--|-----------------------|

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

# NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue or consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST (“**Listing Manual**”);

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

10. That approval be and is hereby given:

Ordinary Resolution 9

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) an on-market share acquisition (“**On-Market Purchase**”) transacted on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for such purpose; and/or
  - (ii) off-market share acquisition (“**Off-Market Purchase**”) pursuant to an equal access scheme(s) as may be determined or formulated by the Directors in their discretion, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise be in accordance with all other laws, the Listing Manual and other regulations and rules of the SGX-ST,

(the “**Mandate**”);

# NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Mandate may be exercised by the Directors of the Company at any time and from time to time, on and from the date of passing of this Resolution up to:
- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or
  - (ii) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied by the Company in general meeting, whichever is the earlier; or
  - (iii) the date on which the Share Buy Back is fulfilled up to the full extent of the Share Buy Back Mandate; and
- (c) the Directors of the Company and/or any of them be and is hereby authorised to do such acts and things (including, without limitation, enter into all transactions, arrangements and agreements and executing such documents) as they and/or he may consider necessary or expedient to give effect to this resolution.

In these resolutions:

**“Maximum Limit”** means that number of Shares representing 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered. Any of the Shares held by the Company as treasury shares and subsidiary holdings shall be disregarded for purposes of computing the 10% limit of the issued ordinary share capital of the Company;

**“Maximum Price”** in relation to a Share to be purchased or acquired, means the price paid per Share which does not exceed 105% of the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares were recorded, before the day on which the purchases are made and deemed to be adjusted for any corporate action which occurs after the relevant five (5) day period; and

**“Relevant Period”** means the period commencing from the date of passing of this Resolution and expiring on the date the next Annual General Meeting of the Company is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the shareholders of the Company in general meeting.

**“subsidiary holdings”** has the meaning given to it in the Listing Manual.

The Maximum Price shall apply to both On-Market Purchases and Off-Market Purchases and shall exclude brokerage fees, commission, stamp duties payable, applicable goods and services tax, clearance fees and other related expenses.

11. To transact such other business which can be transacted at the Annual General Meeting of the Company.

Ordinary Resolution 10

# NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS

**NOTICE IS ALSO HEREBY GIVEN** that, subject to the approval for shareholders for the final dividend being obtained at the Forty-Eighth Annual General Meeting to be held on 18 October 2018, the Transfer Books and the Register of Members of the Company will be closed on 1 November 2018 for the preparation of dividend warrants.

Duly completed transfers in respect of ordinary shares of the Company received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 31 October 2018, will be registered to determine shareholders' entitlements to the proposed final dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 31 October 2018, will be entitled to the proposed final dividend.

The final dividend, if approved by shareholders at this Annual General Meeting, will be paid on 13 November 2018.

By Order of the Board

**Valerie Tan May Wei**  
Company Secretary  
1 October 2018



# NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS

## Explanatory Notes

1. In relation to Ordinary Resolution 3, Ms Heng Su-Ling Mae, will upon re-election, continue to serve a member of the Audit, Remuneration and Nominating Committees. Ms Heng is considered an independent director. Please refer to the section on Board of Directors in the Annual Report for further details on Ms Heng.
2. In relation to Ordinary Resolution 4, Mr Lim Kwee Siah, will upon re-election, continue to serve as a member of the Audit and Remuneration Committees. Mr Lim is considered a non-independent director. Please refer to the section on Board of Directors in the Annual Report for further details on Mr Lim.
3. In relation to Ordinary Resolution 5, Mr Peh Siong Woon Terence is considered a non-independent director. Please refer to the section on Board of Directors in the Annual Report for further details on Mr Peh.
4. Item 6 above is to note the retirement of Mdm Joanna Young Sau Kwan who will be retiring and will not be seeking re-election. Accordingly, she will step down as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees.
5. Resolution 9 relates to the renewal of the Share Buy Back Mandate which was last renewed at the Extraordinary General Meeting of the Company held on 19 October 2017. Please refer to the Appendix to this Notice of Annual General Meeting.
6. **Personal Data Privacy:**

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

Kindly note that by attending the Annual General Meeting, the members of the Company, their proxy(ies) and/or representative(s) consent to the video-recording of the proceedings of the Annual General Meeting, for the Company's records.

**For the convenience of shareholders, the Company will arrange for a bus to pick up shareholders attending the above meeting from SBS Bus Stop B22529 (Blk 649A) Jurong West Street 63 (outside Pioneer MRT Station, Exit B), on Thursday, 18 October 2018. The bus will leave for Chuan Hup Holdings Limited at 1.15 p.m. sharp on that day.**

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ANNUAL GENERAL MEETING  
**PROXY FORM**

**IMPORTANT:**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the capital of Chuan Hup Holdings Limited ("Shares"), the Annual Report 2018 is forwarded to them at the request of their CPF Agent Banks/SRS Operators and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Agent Bank/SRS Operator so that his CPF Agent Bank/SRS Operator may appoint him as its proxy within the specified time frame. (CPF Agent Banks/SRS Operators: Please refer to Notes 2(b) and 4 on the reverse side of this form on the required details).

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 1 October 2018.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No./Co. Reg. No.)

of \_\_\_\_\_ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Forty-Eighth Annual General Meeting of the Company ("Annual General Meeting") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting to be held at the Multi-Purpose Room, 2<sup>nd</sup> Floor, 35 Pioneer Road North, Singapore 628475 on Thursday, 18 October 2018 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting and at any adjournment thereof.

**ORDINARY BUSINESS**

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
1.	Adoption of Directors' Statement and Audited Financial Statements and Auditor's Report		
2.	Declaration of Final Dividend		
3.	Re-election of Ms Heng Su-Ling Mae as Director		
4.	Re-election of Mr Lim Kwee Siah as Director		
5.	Re-election of Mr Peh Siong Woon Terence as Director		
6.	Approval of Directors' Fees		
7.	Re-appointment of Ernst & Young LLP as Auditor		

**SPECIAL BUSINESS**

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
8.	Issue of additional shares and convertible instruments		
9.	Approval of the Proposed Renewal of the Share Buy Back Mandate		

\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick ["✓"] within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Total Number of Shares held:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) or Common Seal of Member(s)

**IMPORTANT: Please read notes on the reverse side**



Please  
Affix  
Postage  
Stamp

The Company Secretary  
**CHUAN HUP HOLDINGS LIMITED**  
35 Pioneer Road North  
Singapore 628475

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here

**Notes:**

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you only 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 as well as 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 proxy form shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).
2.
  - (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. Where a member of the Company appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.
  - (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares, class of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.
  - (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. Completion and return of the proxy form shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies will be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the proxy form, to the meeting.
4. The proxy form must be deposited at the registered office of the Company at 35 Pioneer Road North, Singapore 628475 not less than 72 hours before the time appointed for the Annual General Meeting.
5. The proxy form appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised in writing. Where a proxy form is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject the proxy form appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form (including any related attachment) appointing a proxy or proxies. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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here





**Chuan Hup Holdings Limited**

(Co. Reg. No. 197000572R)

35 Pioneer Road North

Singapore 628475

Tel: (65) 6559 9700 Fax: (65) 6268 1937

Website: [www.chuanhup.com.sg](http://www.chuanhup.com.sg)

Email: [corpsec\\_legal@chuanhup.com.sg](mailto:corpsec_legal@chuanhup.com.sg)