CH

CHUAN HUP HOLDINGS LIMITED

ANNUAL REPORT 2017

CONTENTS

CORPORATE PROFILE

01.

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.

01. Panoramic views from Concerto Apartments

GROWING OUR VALUE

Committed to value creation, our diversified portfolio of investments has enabled us to weather macroeconomic uncertainties while continuing to deliver steady results. On the back of our forward-looking and proactive strategy, we remained focused on strengthening our portfolio and creating long-term value through capitalising on strategic growth opportunities.

Concerto Apartments, Lobby


Concerto Apartments, East Perth

CHAIRMAN'S STATEMENT

During the year in review, the Group delivered a stellar performance amidst a challenging environment marked by volatile financial markets, global political uncertainties and economic headwinds.

The financial year saw Group revenue rising by 18.7% to USD 283.19 million, which was above the USD 238.51 million recorded in FY2016. Meanwhile, group profit after tax increased to USD 20.43 million, representing a rise of 75.8% compared to USD 11.62 million last year. Driving this stronger performance were higher profit contributions from electronics manufacturing services bolstered by higher property sales.

Persisting with our efforts to maintain a robust financial position, the Group's cash and cash equivalents stood at USD 102.64 million as at 30 June 2017, which included PCI Limited's cash and bank balances of USD 39.93 million. This places us in a strong position to capitalise on market opportunities.

HIGHLIGHTS OF FY2017

While demand for properties in Perth dipped, we secured robust sales for our Concerto and Unison on Tenth projects, leaving us with residual stock of 55% and 12% respectively as at 30 June 2017.

During the year, the Group completed the acquisition of its investment in its associated company, Pacific Star Development Limited. Apart from enlarging our property investment portfolio, the acquisition helped to grow our regional presence through key development projects in Malaysia and Thailand.

DIVIDENDS

The Board is pleased to recommend a final tax exempt one-tier dividend of 1 SG cent per ordinary share and a special tax exempt one-tier dividend of 2 SG cents per ordinary share for FY2017, amounting to SGD 27.85 million. This reflects a payout ratio of 113%, which is well above our declared 50% dividend policy.

SHARE BUY BACK

During the financial year, 1,759,600 shares were repurchased by the Company on the open market for USD 0.33 million. These repurchases were made under the

Share Buy Back Mandate approved at the Extraordinary General Meeting on 20 October 2016, and serve as a cost-efficient mechanism to bolster shareholder value.

COMMUNITY ENGAGEMENT

As a responsible corporate citizen, we remain committed to enhancing the lives of the less fortunate within our community, and contributing to the well-being and education of our youth. During the year, we maintained our financial support of the Singapore Cancer Society, with the funds channelled towards various programmes, comprising public education and research, financial assistance schemes, welfare services, as well as rehabilitation, cancer support groups and hospice home care.

We also made contributions towards education, as part of our belief that all students should receive a holistic education regardless of their social background. We sponsored co-curricular activities and leadership programmes aimed at enhancing pupils' skills, resilience, teamwork, sportsmanship and commitment. Additionally, we supported a primary school with two awards – the Chuan Hup Holdings Milestone Award and the Chuan Hup Holdings Holistic Award – to recognise and reward students with academic and non-academic performance.

LOOKING AHEAD

Although global growth has shown signs of picking up, uncertainties remain on the international trade and geopolitical front that may impact financial markets. Additionally, the prospects of interest rate adjustments could affect the momentum of economic growth and weigh on investor sentiment. While property market demand in Australia is expected to remain soft in the face of supply pressures, our portfolio of quality and well-located residential developments are strategically positioned to meet the demands of the urban lifestyle market. Moving forward, our strong balance sheet stands us in good stead to seize strategic opportunities for future growth, while our prudent and disciplined approach will continue to drive value for our shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board, I extend my appreciation to Prof. Tan Cheng Han, who stepped down as Non-Executive, Independent Director and Chairman on 1 July 2017, for his guidance and outstanding service to the Board. At the same time, I would like to thank my fellow Directors for their invaluable counsel and contributions. My gratitude also goes out to the Management team and staff for their unwavering commitment and dedication. Finally, I would like to express my sincere appreciation to our business partners, shareholders and customers for their continued support and trust.

MR LO PANG FOO STEVEN
Non-Executive Chairman
7 September 2017

01. Sponsored co-curricular activity for students

02. Singapore Cancer Society Race against Cancer 2017

03. Sponsored leadership programme for students

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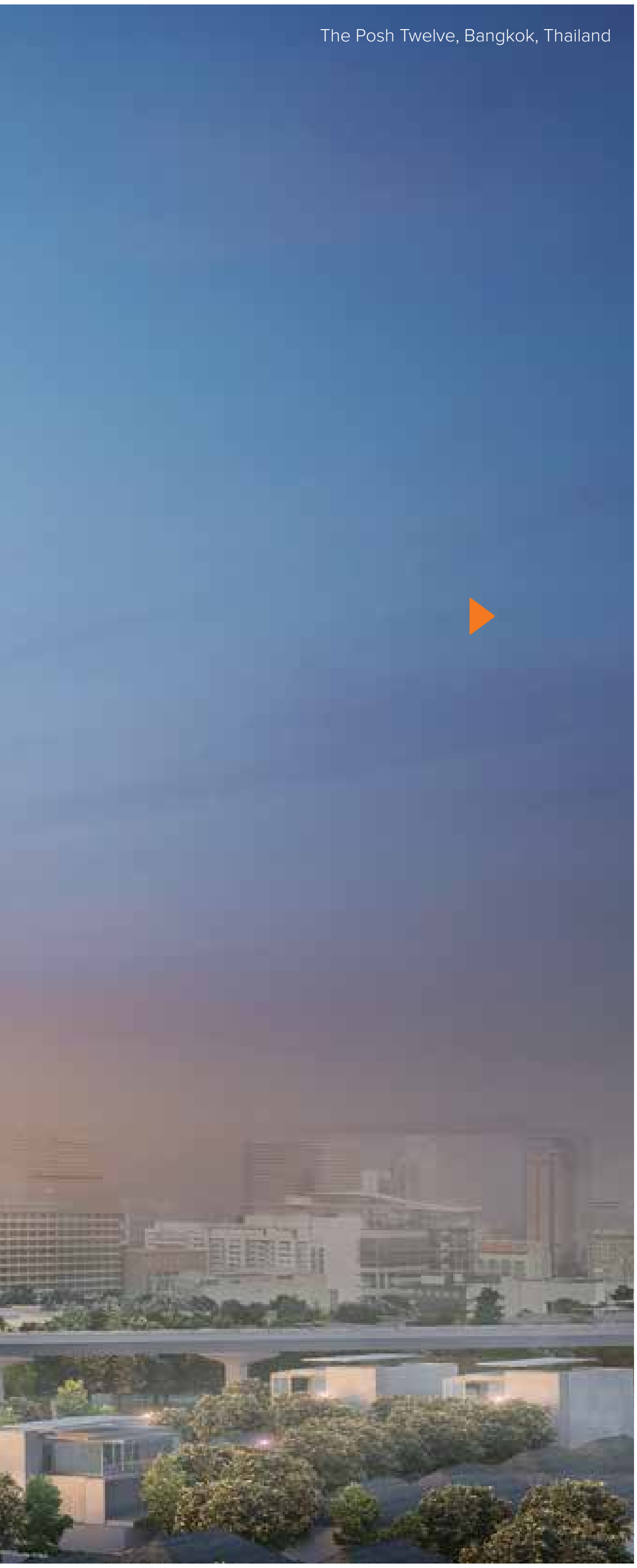

The Posh Twelve, Bangkok, Thailand

SHAPING PARTNERSHIPS

Through engaging in collaborative partnerships, we seek to bolster our performance while augmenting our market position and driving sustainable value. As we broaden our networks, we press on in forging partnerships that not only generate value, but allow us to go beyond our achievements today to deliver more tomorrow.

The Posh Twelve, Bangkok, Thailand

OUR INVESTMENTS

At Chuan Hup, we capitalise on quality investments that deliver sustainable long-term returns. Today, our portfolio includes companies that practice sound governance and are aligned with our commitment to long-term value creation. As part of our proactive investment approach, we monitor these companies' performance and strategy closely. At the same time, we depend on the independent governance of the respective board and management teams to manage decisions relating to strategic and day-to-day operational matters.


01.

ELECTRONICS MANUFACTURING SERVICES

PCI Limited

Chuan Hup has stood as a substantial shareholder of PCI Limited ("PCI") for over three decades. PCI's core business centres on the manufacturing of printed circuit board assembly, user interface panel and complete box-build projects. Specialising in providing end-to-end manufacturing supply chain services for leading technology companies across the globe, PCI strives to enhance value through its services catering to all points in the manufacturing outsourcing cycle. This includes design, manufacturing engineering, material sourcing and procurement, assembly, testing and logistics.

As a testament to its stringent adherence to quality standards, PCI was awarded ISO certificates for its operations in Singapore, China and Indonesia. In recognition of PCI's commitment to business excellence, it was conferred the prestigious Singapore Quality Class certification by SPRING Singapore.

PCI's vast experience in this industry stands it in good stead to support its customers' distinctive technological and supply chain needs. In addition, PCI maintains close ties


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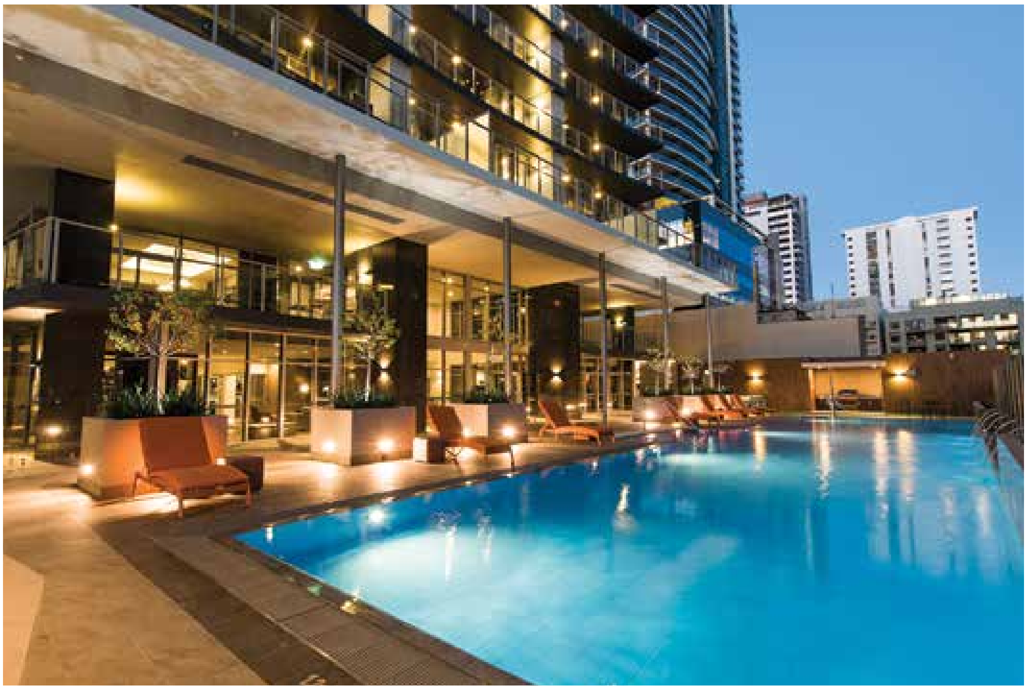

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01. PCI Batam manufacturing plant

02. PCI product testing after manufacturing assembly

03. Swimming pool at Concerto Apartments

04. PCI product testing and assembly in cleanroom environment

05. Private dining room facilities at Concerto Apartments

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between its fully equipped design centres in Singapore, the Philippines and Indonesia, and its customers to provide support throughout the various stages of new products.

In 1992, PCI was listed on the then Sesdaq of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Three years later, the company was transferred to the Mainboard of the SGX-ST. In 2011, PCI became our subsidiary following a mandatory conditional cash offer. Currently, our shareholding stands at 76.7%.

PROPERTIES

Finbar Group Limited

The Group is a substantial shareholder of Finbar Group Limited ("Finbar"), with two nominee directors on its board of directors, and holds a 19.7% shareholding interest as of 7 September 2017. Since 1 January 2016, Finbar has been recorded as an associate company in accordance with financial reporting standards.

A leading Australian property development company, Finbar has been listed on the Australian Stock Exchange since 1995. The company is engaged in the development of medium to high density residential properties.

OUR INVESTMENTS

Symphony City, East Perth, Western Australia
Our joint venture with Finbar in 2009 enabled us to capitalise on its real estate development expertise as we sought to redevelop our property, the former Australian Broadcasting Corporation ("ABC") site in East Perth, Western Australia. The development of Symphony City consists of three stages – Adagio, Toccata and Concerto.

Comprising two luxury residential apartment towers, Adagio and Toccata offer panoramic views of the Swan River. Concerto, the third stage of the development, houses 226 apartments and a commercial unit situated along Adelaide Terrace, and blends contemporary design elements while conserving the culturally significant former ABC buildings. At 38 storeys, it is Perth's tallest apartment building in East Perth and features luxury two-and three-bedroom tower apartments, New York-style studios, and one- and two-bedroom apartments as part of an elegantly refurbished heritage building that previously housed the ABC's administrative wing. Collectively, the developments at Symphony City offer high standards in urban lifestyle living while providing accessibility to the Perth Central Business District ("CBD").

Completed in June 2013, Adagio was fully sold by December 2014. Meanwhile, all units of Toccata were sold by April 2016, after construction concluded in June 2015. Concerto reached completion in June 2017, and we have since secured sales contracts for 70% of the 227 units.

Income from these projects are recorded following their completion and on settlement.

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01. Apartment interior of Adagio Apartments located in East Perth

02. Entrance to Toccata Apartments in East Perth featuring a sculpture by Ayad Alqaragholli

03. Concerto Apartments features numerous greenwalls which complement patterns found in the building

04. Swan River view from the penthouse of Toccata Apartments located in East Perth

05. Lobby entrance to Unison on Tenth Apartments located in Maylands

06. Unison on Tenth Apartments in Maylands – pool deck area

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Unison, Maylands, Western Australia

Through our development venture with Finbar, the Unison development will be carried out in two phases – Unison on Tenth and Unison on Kennedy. Well-located in a trendy suburb, this site is approximately five kilometres from the Perth CBD and conveniently situated near Maylands train station. In addition to three-storey walk-up apartments, this development includes 10-storey apartment blocks that boast resort-style facilities. Together, the Unison development comprises 347 apartment units and four commercial lots.

Unison on Tenth represents the first stage of development. Completed in March 2016, 88% of the 169 units have been sold and settled to date. Meanwhile, Unison on Kennedy, the second stage of development, will be launched in the near future.

OUR INVESTMENTS

Keyland Ayala Properties Inc
Keyland Ayala Properties Inc ("KAPI" – formerly known as Security Land Corporation), an available-for-sale investment, is a property investment and development company in the Philippines. A joint venture agreement was forged between KAPI and Robinsons Land Corporation, a leading Philippines real estate company listed on the Philippines Stock Exchange.

Through this collaboration, KAPI's property along Ayala Avenue in the prime commercial and business district in Makati, Manila, has been developed into Signa Designer Residences, which comprises two high-end residential towers. Construction of Signa Designer Residences was completed in the last quarter of 2016 and it is about 86% sold. Apart from its proportionate share of income from sales of Signa apartment units, KAPI also generates earnings from rental of its fully tenanted office building.

Office Units in GB Building, Cecil Street, Singapore
Situated in the heart of Singapore's CBD, our leasehold strata-titled office space comprises the 20th to 22nd floors of GB Building. In line with our long-term investment strategy, this fully leased out commercial property investment not only

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helps to strengthen our portfolio, but also provides us with sustainable and consistent earnings.

Pacific Star Development Limited
We hold a 35.5% stake in SGX-listed Pacific Star Development Limited ("PSD"). PSD has two ongoing development projects in Malaysia and Thailand. One is the award-winning Puteri Cove Residences and Quayside ("PCRQ"), a freehold prime marina front mixed-use development located in Puteri Harbour, Iskandar Puteri, Malaysia, which has garnered several awards at the prestigious Asia Pacific Property Awards 2017. PCRQ comprises 658 luxury apartments in two 32-storey tower blocks, including a separate tower of luxury serviced suites managed by Pan Pacific Hotels Group, as well as 56 SOHO/Loft units integrated with a 2-storey lifestyle retail centre with 78 retail units, overlooking Singapore's One°15 managed private marina. The second project is The Posh Twelve located on Tiwanon Road in Bangkok, Thailand.

Conveniently located within a three minute walk from the nearest MRT station, the freehold condominium features 1,373 high-rise residential apartments in two towers of 45-storey and 39-storey, complemented with 7 commercial units. It is the tallest residential development in its area, fully furnished with extensive resort-style facilities and offers maximum value and convenience to a middle income target market.

DISCIPLINED AND PRUDENT INVESTMENT APPROACH

On the back of our prudent approach and proactive strategy, we continued to build a resilient portfolio. Underpinned by our disciplined investment approach, we remain focused on optimising our portfolio to ensure long-term sustainable growth is not compromised by short-term profit. By maintaining a robust balance sheet while actively managing our liquidity level, we are well-positioned to capitalise on future strategic investment opportunities.

01. Exterior of Signa Designer Residences

02. Swimming pool of Signa Designer Residences

03. Lobby of Signa Designer Residences

04. Artist's impression of the marina view from an actual unit of Puteri Cove Residences and Quayside

05. Double volume SOHO unit of Puteri Cove Residences and Quayside

06. Artist's impression of Sky Library on Level 45 of The Posh Twelve

BOARD OF DIRECTORS

01.

01. MR LO PANG FOO STEVEN

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 will be due for re-election at the coming Annual General Meeting ("AGM"). 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 is also a Council Member of and Legal Advisor to HCA Hospice Care and is an Adjunct Lecturer at the Singapore Management University (Financial and Securities Regulation).

Mr Lo graduated from the National University of Singapore with an LLB (Hons) in 1995 and was admitted to the Singapore Bar in 1996. He subsequently obtained his LLM from the University of Cambridge in 1998 and was admitted to the Roll of Solicitors of England & Wales in 2000 as a non-practising member.

02. MR PEH SIONG WOON TERENCE

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 and was last re-appointed on 20 October 2016.

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Mr Peh has over 18 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 also 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 and Non-Executive Director of Pacific Star Development Limited and sits on its Audit, Nominating and Remuneration Committees.

Mr Peh was an Alternate Director to Mr Peh Kwee Chim on the Board of CH Offshore Ltd ("CHO") from 1 June 2010 to 16 August 2013 and 19 December 2014 to 27 February 2015.

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.

03. MR PEH KWEE CHIM

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-appointed on 22 October 2015 and will be due for re-election at the coming AGM. 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 was a Director of CHO from 1 June 2010 to 27 February 2015.

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

BOARD OF DIRECTORS

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04. MDM JOANNA YOUNG SAU KWAN

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-appointed on 22 October 2015 and will be due for re-election at the coming AGM. She is also the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees.

Mdm Young brings with her 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 was a Non-Executive, Independent Director of CHO from 1 February 2005 to 30 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 Fellow Chartered Accountant (Singapore), a Fellow Member of CPA Australia and an Accredited Tax Practitioner of the Singapore Institute of Accredited Tax Professionals.

05. MR LIM KWEE SIAH

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-appointed on 20 October 2016. 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 (Singapore).

SENIOR MANAGEMENT

MR ELDON WAN

Chief Operating Officer

Mr Eldon 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.

On 28 August 2017, Mr Wan was redesignated as Chief Operating Officer. He is responsible for developing, establishing and implementing the Group's operating policies, business plans and strategies.

Mr Wan is concurrently the Chief Financial Officer of PCI Limited ("PCI"). He is responsible for all accounting, financial and tax matters of the PCI Group.

Mr Wan has over 20 years of working experience in the finance and accounting sectors. He has cumulated industry experience in mergers and acquisitions, financial and management reporting, budgeting, tax, 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 the Group Financial Controller of the Tecity Group.

Mr Wan graduated from the Nanyang Technological University of Singapore in 1995 with a Bachelor of Accounting degree and is a Chartered Accountant (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. She was Senior Legal Officer at Neptune Orient Lines Ltd prior to that. She has over 25 years of experience in legal and corporate secretarial matters.

Ms Tan is also the Company Secretary of PCI. 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.

MS TENG YUUN YEAN

Group Chief Financial Officer

Ms Teng Yuun Yean joined Chuan Hup on 1 July 2010. As Group Chief Financial Officer, Ms Teng is responsible for all accounting, financial and tax matters of the Group. Prior to 1 January 2016, Ms Teng was Head, Risk Management of Chuan Hup, during which she was responsible for monitoring the Group's financial risk exposure within its financial risk management framework, as well as other risk management and audit related projects.

Ms Teng is also a Non-Executive Director of Finbar Group Limited, which is listed on the Australian Securities Exchange.

Ms Teng has cumulated over 20 years of experience in the accounting, finance, tax, and risk management functions, in addition to areas of 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 areas of statutory and management reporting, risk management and tax matters in relation to its hospitality and media business units 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.

MS CHAN CHING HARN

Head, Risk Management

Ms Chan Ching Harn joined Chuan Hup on 1 December 2015. She is responsible for monitoring the Group's financial risk exposure within its financial risk management framework, as well as other risk management and internal audit related projects.

Ms Chan was working as the Senior Regional Finance Manager with a US multinational company for 7 years before joining Chuan Hup. Prior to that, she was the Regional Accounting Manager and Regional Accountant with other US multinational companies. Ms Chan has over 20 years of experience in the accounting and auditing profession.

Ms Chan graduated from the Nanyang Technological University of Singapore in 1994 with a Bachelor of Accounting degree. She is a Chartered Accountant (Singapore).

ENLARGING OUR FOOTPRINT

Underpinned by our prudent and disciplined approach, we continue to grow our presence in the Asia-Pacific region, while staying focused on strengthening and diversifying our portfolio. As we forge ahead, we remain committed to enhancing value through seizing investment opportunities while striving towards greater heights.

Puteri Cove Residences and Quayside, Iskandar Puteri, Malaysia

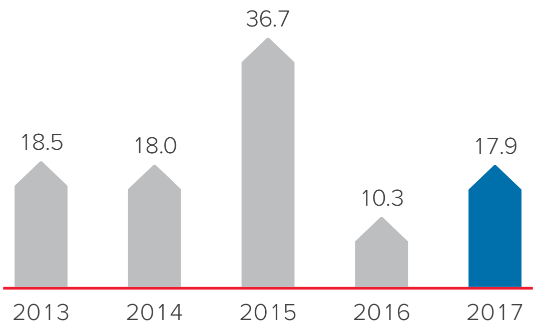
Puteri Cove Residences and Quayside, Iskandar Puteri, Malaysia

GROUP FINANCIAL HIGHLIGHTS

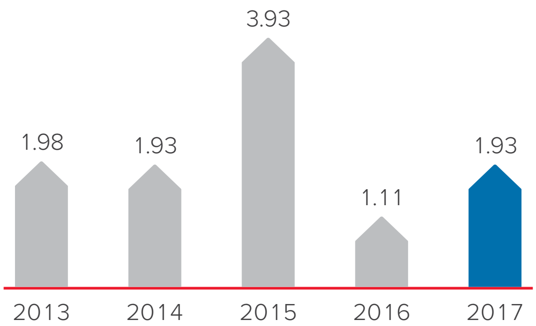
FINANCIAL YEAR ENDED 30 JUNE	2017 US$'000	2016 US$'000	2015 US$'000	2014 US$'000	2013 US$'000
STATEMENT OF COMPREHENSIVE INCOME STATEMENT					
Revenue[(1)]					
Investment	3,408	4,573	7,843	4,804	6,122
Electronics manufacturing services	198,776	180,091	189,228	178,649	183,501
Property	81,005	53,844	37,931	19,160	54,343
	283,189	238,508	235,002	202,613	243,966
Profit After Tax[(1)]					
Investment	954	321	24,622	11,866	4,525
Electronics manufacturing services	10,777	5,647	11,178	4,906	2,739
Property	8,703	5,656	3,507	2,417	11,908
	20,434	11,624	39,307	19,189	19,172
Profit Attributable to Equity Holders of the Company	17,928	10,286	36,659	18,023	18,462
BALANCE SHEET					
Non-current assets					
Investment properties	23,816	24,301	24,386	–	–
Associates	58,709	33,230	–	49,375	45,970
Investment securities	28,964	48,150	58,167	81,246	59,014
Other non-current assets	56,635	42,234	26,592	17,980	40,311
Current assets					
Development properties	66,116	33,827	39,801	39,486	15,634
Inventories	36,809	31,069	27,193	27,753	26,555
Investment securities	11,255	29,019	19,402	11,480	11,895
Other current assets	61,387	55,560	38,696	35,086	132,164
Cash and cash equivalents	102,639	76,007	158,494	123,127	123,615
Total Assets	446,330	373,397	392,731	385,533	455,158
Borrowings	7,720	8,000	11,634	–	–
Other current liabilities	120,562	62,151	54,324	50,522	140,151
Other non-current liabilities	2,251	2,573	2,137	2,857	2,138
Equity attributable to equity holders of the Company	295,401	280,779	304,425	310,471	291,161
Non-controlling interests	20,396	19,894	20,211	21,683	21,708
Total Equity and Liabilities	446,330	373,397	392,731	385,533	455,158
Per Ordinary Share					
Net tangible assets per share (US cents)	31.82	30.19	32.61	33.26	31.19
Earnings per share (US cents)	1.93	1.11	3.93	1.93	1.98
Final dividend per share (SG cents)	1	1	1	1	1
Special dividend per share (SG cents)	2	–	2	–	1
Financial Ratios					
Dividend payout ratio (%)	112.8	67.0	56.8	41.5	80.1
Return on total assets (%)	4.0	2.7	9.3	4.7	4.1
Return on average equity (%)	6.2	3.5	11.9	6.0	6.4

(1) Comparatives have been restated to conform with current year's presentation.

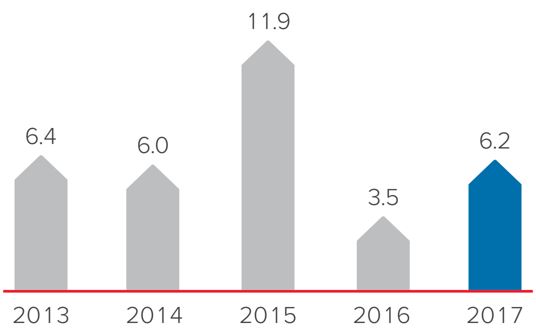
PROFIT ATTRIBUTABLE TO SHAREHOLDERS (US$ MILLION)



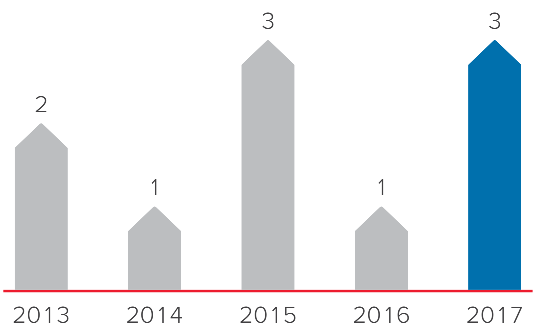
EARNINGS PER SHARE (US CENTS)



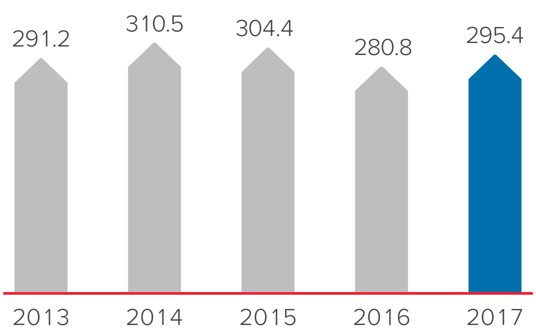
RETURN ON AVERAGE EQUITY (%)



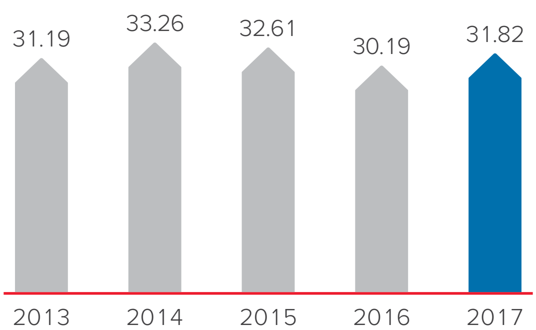
DIVIDEND PER SHARE (SG CENTS)



SHAREHOLDERS' EQUITY (US$ MILLION)

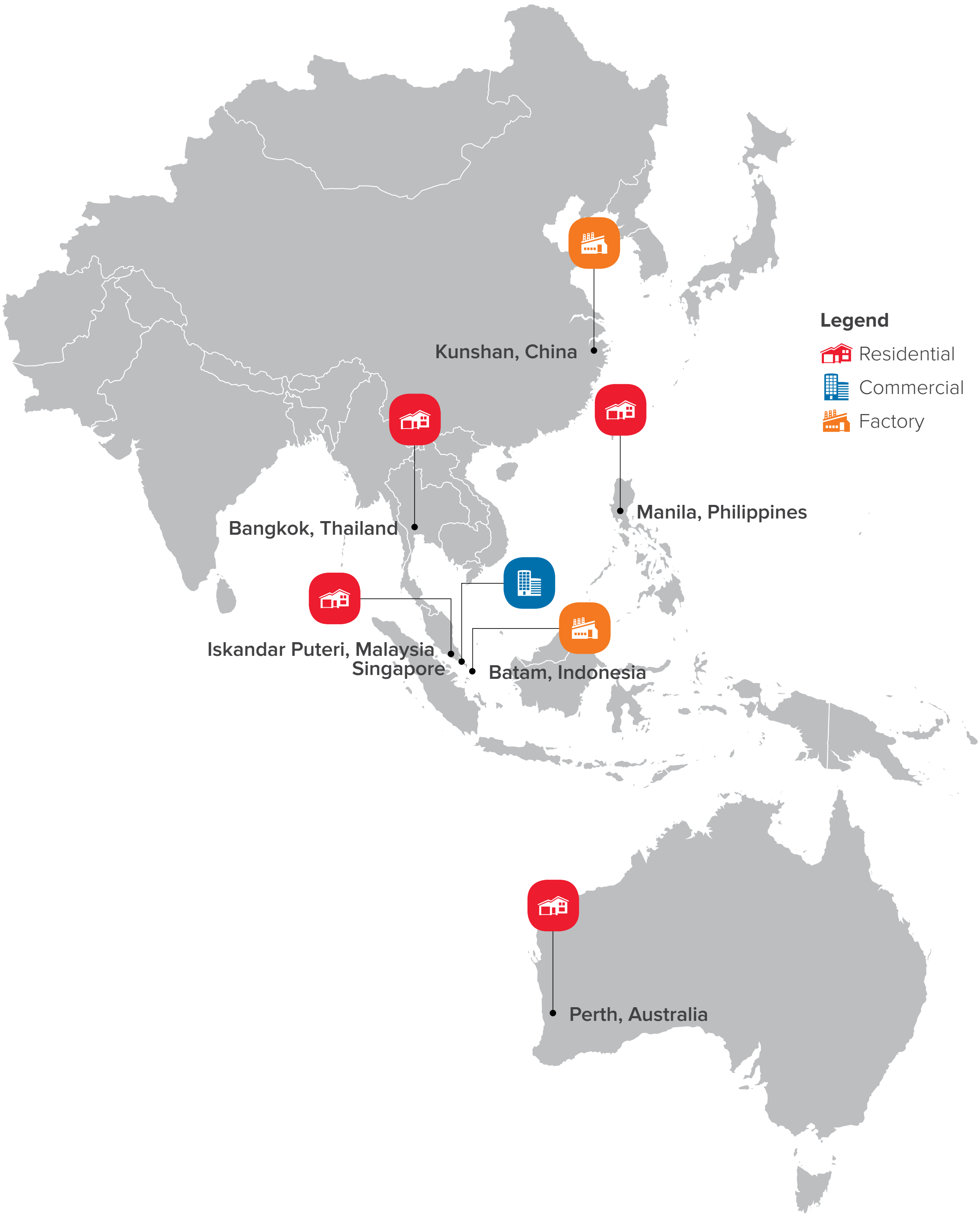


NET TANGIBLE ASSETS PER SHARE (US CENTS)



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.



CORPORATE DATA

BOARD OF DIRECTORS
Mr Lo Pang Foo Steven
(Non-Executive, Independent Director and Chairman)
Mr Peh Siong Woon Terence
(Chief Executive Officer and Executive Director)
Mr Peh Kwee Chim
(Executive Director)
Mdm Joanna Young Sau Kwan
(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

REMUNERATION COMMITTEE
Mr Lo Pang Foo Steven
(Chairman)
Mdm Joanna Young Sau Kwan
Mr Lim Kwee Siah

NOMINATING COMMITTEE
Mr Lo Pang Foo Steven
(Chairman)
Mr Peh Kwee Chim
Mdm Joanna Young Sau Kwan

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
Email: 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

01. Entrance to Toccata Apartments in East Perth featuring a sculpture by Ayad Alqaragholli

01.

FINANCIAL CALENDAR

01.

01. Artist's impression of The Posh Twelve's Grand Lobby Lounge on ground level

Financial Year End
30 June 2017

Announcement of First Quarter Financial Results
10 November 2016

Announcement of Half Year Financial Results
9 February 2017

Announcement of Third Quarter Financial Results
12 May 2017

Announcement of Full Year Financial Results
28 August 2017

Dispatch of Annual Report to Shareholders
3 October 2017

Annual General Meeting
19 October 2017

Book Closure to Register Members for Final and Special Dividends
7 November 2017

Proposed Payment of Final and Special Dividends
17 November 2017

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 2017 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 with the principles and guidelines of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

(Principle 1)

The Board oversees the business and 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 meets on a regular 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 5 Board meetings was held for the financial year ended 30 June 2017 ("FY 2017"). The Directors' attendance at Board meetings and meetings of the various Board Committees during FY 2017 are as follows:

Board Meetings

Directors	No. of Meetings Held	No. of Meetings Attended
Mr Lo Pang Foo Steven(1)	1	1
Mr Peh Kwee Chim	5	5
Mr Peh Siong Woon Terence	5	5
Mdm Joanna Young Sau Kwan	5	5
Mr Lim Kwee Siah	5	5
Prof. Tan Cheng Han(2)	5	5

CORPORATE GOVERNANCE REPORT

Board Committee Meetings

	Audit Committee		Remuneration Committee		Nominating Committee	
Directors	**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[1]	1	1	–	–	1	1
Mr Peh Kwee Chim	–	–	–	–	2	2
Mdm Joanna Young Sau Kwan	4	4	3	3	2	2
Mr Lim Kwee Siah	4	4	3	3	–	–
Prof. Tan Cheng Han[2]	4	4	3	3	2	2

Notes:

(1) Mr Lo Pang Foo Steven was appointed as a Non-Executive, Independent Director and as a member of the Audit, Remuneration and Nominating Committees on 24 February 2017. He was appointed as Chairman of the Board and as Chairman of the Remuneration and Nominating Committees on 1 July 2017.

(2) Prof. Tan Cheng Han resigned as Chairman of the Board and as Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee on 1 July 2017.

The Company has in place a set of internal controls and guidelines that sets out finance 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, 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 regulations, guidelines and accounting standards, as well as industry trends and development 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.

Board Composition and Guidance
(Principle 2)

On 1 July 2017, Prof. Tan Cheng Han resigned as Chairman of the Board and Mr Lo Pang Foo Steven (who was appointed to the Board on 24 February 2017) was appointed as Chairman of the Board.

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 5 Directors, 2 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 and Mdm Joanna Young Sau Kwan. The Non-Executive Director is Mr Lim Kwee Siah. The Executive Directors are Mr Peh Kwee Chim and Mr Peh Siong Woon Terence.

CORPORATE GOVERNANCE REPORT

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 Nominating Committee considers Mdm Joanna Young Sau Kwan to be independent under the guidelines provided in the Code.

Mr Lo Pang Foo Steven is a Non-Executive, Independent Director of PCI Limited ("PCI"), a listed subsidiary of the Company. During FY 2017, 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 was 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 2017 were not significant under the guidelines provided by the Code. The Board having taken into account the views of the Nominating Committee considers Mr Lo to be an independent Director of the Company as he has shown that he is able to exercise strong independent judgement in his deliberations and act in the best interests of the Company.

The Board and the Nominating Committee have determined that Prof. Tan Cheng Han shall nonetheless be considered independent notwithstanding that his spouse, Ms Valerie Tan May Wei, is the Head, Legal and Corporate Secretarial and the Group Company Secretary. Taking into consideration that Ms Tan reports to and is accountable to the Board and operationally to the Chief Executive Officer, that the decision to appoint or remove her can only be taken by the Board as a whole and that Prof. Tan recused himself from any discussions and decisions relating to her performance and remuneration, the Nominating Committee was of the view that Prof. Tan was independent. In any event, the Nominating Committee considered Prof. Tan to be an Independent Director because he is a strong-minded individual who is able to exercise independent judgement with a view to the best interests of the Company at all times in the discharge of his duties as Director.

Mdm Joanna Young Sau Kwan has served as Independent Director on the Board of the Company since her appointment in 2003. Prof. Tan had served as Independent Director on the Board of the Company from his appointment in 2001 to 30 June 2017. The Board has subjected their independence to particularly rigorous review and established that despite serving as Directors for more than nine years, Prof. Tan and Mdm Young continued to demonstrate strong independence in character and judgement in the discharge of their responsibilities as Directors of the Company. The Board having taken into account the views of the Nominating Committee, therefore deemed Prof. Tan and Mdm Young to be independent.

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

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, strategic planning experience and customer-based experience or knowledge, required for the Board and Board Committees to be effective.

For FY 2017, 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.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer
(Principle 3)

Different individuals assume the Chairman and the Chief Executive Officer functions in Chuan Hup. There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the leadership of the Board and ensures its effectiveness on all aspects of the Board's role. 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 oversees corporate governance matters. 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.

During FY 2017, Prof. Tan Cheng Han was the Chairman of Chuan Hup. He resigned on 1 July 2017. Mr Lo Pang Foo Steven was appointed as the Chairman on 1 July 2017. Both Prof. Tan and Mr Lo are not related to the Chief Executive Officer.

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)

Prof. Tan Cheng Han resigned as the Chairman of the Nominating Committee on 1 July 2017. Mr Lo Pang Foo Steven (who was appointed to the Nominating Committee on 24 February 2017) was appointed as the Chairman of the Nominating Committee on 1 July 2017. The Nominating Committee currently comprises Mr Lo Pang Foo Steven (Committee Chairman), Mr Peh Kwee Chim and Mdm Joanna Young Sau Kwan, the majority of whom including the Chairman, are Non-Executive, Independent Directors.

The Nominating Committee's functions include reviewing Board succession plans for Directors, 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-election of 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 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.

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

CORPORATE GOVERNANCE REPORT

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 14 to 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 Questionaire 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, 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 2017. 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 and that of individual Board members 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, 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)

Prof. Tan Cheng Han resigned as the Chairman of the Remuneration Committee on 1 July 2017. Mr Lo Pang Foo Steven (who was appointed to the Remuneration Committee on 24 February 2017) was appointed as Chairman of the Remuneration Committee on 1 July 2017. The Remuneration Committee currently comprises Mr Lo Pang Foo Steven (Committee Chairman), Mdm Joanna Young Sau Kwan and Mr Lim Kwee Siah, 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 Board to provide good stewardship of the Company and key management personnel to successfully manage the Company and Group as a whole.

Chuan Hup's remuneration mix for key management personnel comprises fixed and variable components. The variable component comprises 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 deem necessary.

For FY 2017, there were no termination, retirement and post-employment benefits granted to Directors, the Chief Executive Officer and the top four key management personnel (who are not Directors or the Chief Executive Officer).

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. Executive Directors do not receive any Directors' fees. No individual Director fixes his own remuneration.

CORPORATE GOVERNANCE REPORT

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 breakdown (in percentage terms) of the Directors' and the Chief Executive Officer's remuneration and the remuneration mix is disclosed below in bands of US$180,000. In FY 2017, the top four key management personnel (who are not Directors or the Chief Executive Officer) are Mr Eldon Wan, Ms Teng Yuun Yean, Ms Valerie Tan May Wei and Ms Chan Ching Harn. A breakdown (in percentage terms) of the remuneration for each individual is as set out in page 32 of this Annual Report. In disclosing the remuneration of the top four key management personnel in bands, 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 four 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.

The remuneration of Ms Valerie Tan May Wei, the spouse of Prof. Tan Cheng Han, who resigned as Director on 1 July 2017, exceeded US$36,000 during FY 2017 and is shown in bands of US$180,000. Due to the sensitivity and confidentiality of employee remuneration matters, the Board is of the view that it is in the best interests of the Company not to disclose the remuneration of Ms Valerie Tan May Wei in bands of US$36,000.

REMUNERATION PAID OR ACCRUED TO DIRECTORS AND THE CHIEF EXECUTIVE OFFICER BY THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Directors/ Chief Executive Officer of Company	Fixed Component[1] (%)	Variable Component[2] (%)	Directors' Fees (%)	Total Compensation (%)
US$1,620,000 to US$1,799,999				
Mr Peh Kwee Chim	43	57	–	100
US$1,440,000 to US$1,619,999				
Mr Peh Siong Woon Terence (Chief Executive Officer and Executive Director)	40	60	–	100
Below US$180,000				
Prof. Tan Cheng Han[3]	–	–	100	100
Mdm Joanna Young Sau Kwan	–	–	100	100
Mr Lim Kwee Siah	–	–	100	100
Mr Lo Pang Foo Steven[4]	–	–	100	100

Notes:

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

(2) Variable component refers to variable bonus and employer CPF.

(3) Prof. Tan Cheng Han resigned as Director on 1 July 2017.

(4) Mr Lo Pang Foo Steven was appointed as Director on 24 February 2017.

CORPORATE GOVERNANCE REPORT

REMUNERATION PAID OR ACCRUED TO THE TOP FOUR KEY MANAGEMENT PERSONNEL (WHO ARE NOT DIRECTORS OR THE CHIEF EXECUTIVE OFFICER) BY THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Remuneration Bands/ Key Management Personnel	Fixed Component[1] (%)	Variable Component[2] (%)	Total Compensation (%)
Between US$720,000 to US$899,999			
1	47	53	100
Between US$180,000 to US$359,999			
1	58	42	100
1	57	43	100
Below US$180,000			
1	68	32	100

Notes:

(1) Fixed component refers to base salary, allowances, benefits in kind and employer CPF.
(2) 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 significant 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 audit function 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 2017 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 systems and internal controls were adequate and effective as at 30 June 2017 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)

Prof. Tan Cheng Han resigned as a member of the Audit Committee on 1 July 2017. The Audit Committee currently comprises Mdm Joanna Young Sau Kwan (Committee Chairman), Mr Lim Kwee Siah and Mr Lo Pang Foo Steven (who was appointed to the Audit Committee on 24 February 2017), all of whom are Non-Executive, and the majority of whom, including the Chairman, are Independent Directors. Mdm Joanna Young Sau Kwan and Mr Lim Kwee Siah have accounting and related financial management expertise and experience. The Board considers Mr Lo Pang Foo Steven as having sufficient financial knowledge and experience to discharge his responsibilities as a member of 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 of 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 four meetings during FY 2017. During FY 2017, 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 material 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 arrangements by which employee 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 2017 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 46 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 2017 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 pages 93 and 95 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.

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

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$72,000) and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000/US$72,000)
	S$'000/US$'000	S$'000/US$'000
Mr Lim Kwee Siah - provision of consultancy services	158/113	NIL

Whistleblowing Policy

The Company has implemented a whistleblowing policy, which serves to encourage and provide a channel to employees 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 Company has established an in-house internal audit function that is adequately resourced and independent of the activities it audits. The Internal Auditor reports primarily to the Chairman of the Audit Committee and administratively to the Chief Executive Officer. The Audit Committee approves the hiring, removal, evaluation and compensation of the Internal Auditor. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel including access to the Audit Committee.

The Internal Auditor has relevant qualifications and experience. The Internal Auditor carries out its function according to the standards set by nationally recognised professional bodies.

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 2017, the Audit Committee was satisfied that the internal audit function was adequately resourced and had appropriate standing within the Group and cooperation of the Management to carry out its duties effectively.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS 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 decision 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 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 main forum for dialogue and interaction with shareholders takes place at its Annual General Meeting, where the members of the Board, the Chairman of each Board Committee, Senior Management and the external auditor are in attendance. At the Annual General Meeting, shareholders are given the opportunity to air their views and ask questions regarding the Company.

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 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 external auditor is also present to address shareholders' queries on the conduct of audit and the preparation and content of the auditor's report.

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 by Directors and employees. Chuan Hup's Directors and employees are prohibited from dealing in Chuan Hup's shares for the period of two weeks prior to the announcement of quarterly results and a period of one month prior to the announcement of year end results. 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

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 30 June 2017 and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2017.

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 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the 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 (appointed on 24 February 2017)
Mr Peh Siong Woon Terence
Mr Peh Kwee Chim
Mdm Joanna Young Sau Kwan
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, interests in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Chuan Hup Holdings Limited				
(ordinary shares)				
Mr Peh Kwee Chim	19,379,000	19,379,000	478,264,490[1]	478,264,490[1]
Mr Peh Siong Woon Terence	–	–	478,264,490[1]	478,264,490[1]
Mdm Joanna Young Sau Kwan	22,500	22,500	–	–
Mr Lim Kwee Siah	230,000	230,000	–	–
PCI Limited				
(ordinary shares)				
Prof. Tan Cheng Han[2]	40,000	40,000	–	–
Mr Peh Kwee Chim	–	–	152,701,506[1]	152,701,506[1]
Mr Peh Siong Woon Terence	–	–	152,701,506[1]	152,701,506[1]

(1) 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.

(2) Prof. Tan Cheng Han resigned as Director on 1 July 2017.

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 2017.

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
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 2017, 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 2017

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 2017, the statement 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 2017 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 2017
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 2017, the Group has investment properties of US$23.8 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 as a key audit matter.

Management use independent professional external valuers 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 valuers.

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 also discussed with the external valuers 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 to the financial statements and information related to investment properties is provided in Note 13 to the financial statements.

Valuation of development properties

As at 30 June 2017, the Group has development properties of US$66.1 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.

How our audit addressed the key audit matter

We evaluated management's valuation of development properties at the lower of cost and net realisable value by comparing them to recently transacted prices or prices of comparable properties located in the same vicinity.

The key areas of judgement and estimation involved in valuation of development properties are disclosed in Note 2 to the financial statements and information related to development properties, including the valuation techniques is provided in Note 20 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHUAN HUP HOLDINGS LIMITED

Key Audit Matters (cont'd)

Allowance for inventories

As at 30 June 2017, the Group has inventories of US$36.8 million, net of allowance for inventories of US$1.9 million.

The valuation of inventories 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 inventories 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 as 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 inventories.

We evaluated management's valuation of inventories at the lower of cost and net realisable value by comparing actual selling price to the book value for selected items of raw materials and finished goods.

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

We considered the ageing profile of inventories. We discussed with management and evaluated their assessment of the valuation of inventories and the adequacy of allowance for inventories based on the ageing profile, usage, sale of inventories subsequent to the financial year end, and knowledge of changes in technology and customer demand.

The key areas of judgement and estimation involved in allowance for inventories are disclosed in Note 3 to the financial statements and information related to inventories is provided in Note 21 to the financial statements.

Recoverability of trade receivables

As at 30 June 2017, the Group has trade receivables amounting to US$56.7 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 as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHUAN HUP HOLDINGS LIMITED

Key Audit Matters (cont'd)

Recoverability of trade receivables (cont'd)

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 33 to the financial statements and information related to trade receivables is provided in Note 22 to the financial statements.

Acquisition of Pacific Star Development Limited

During the year, the Group acquired a 37.34% interest in Pacific Star Development Limited (PSDL) by way of the conversion of unquoted convertible loans of US$27.1 million. The Group was accorded two board seats in PSDL.

As a result, PSDL became an associate of the Group. The Group is required to measure the identifiable assets acquired and liabilities assumed relating to PSDL at their fair values at the date of acquisition. This involves the use of judgement and estimation to determine the appropriate valuation methods to be used as well as the underlying valuation assumptions. As such, we identified this as a key audit matter.

Management engaged an external valuer to assist them in the identification and measurement of assets acquired and liabilities assumed relating to PSDL. Accordingly, the Group made certain fair value adjustments to the carrying amounts of development properties held by PSDL.

How our audit addressed the key audit matter

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

We engaged our internal valuation specialists to assist us in the evaluation of valuation methods and assumptions used by management's external valuer. We also discussed with management's external valuer and obtained explanations to evaluate the selection of valuation method as well as the key assumptions, such as the discount rate used in the valuation.

The related information on acquisition of PSDL is provided in Note 3.1(b) to the financial statements.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHUAN HUP HOLDINGS LIMITED

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

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHUAN HUP HOLDINGS LIMITED

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

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 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group 2017	Group 2016
		US$'000	US$'000
Revenue	4	283,189	238,508
Raw material and consumables		(149,812)	(136,277)
Manufacturing expenses		(22,071)	(21,983)
Business development expenses		(1,410)	(1,273)
Property development expense		(69,247)	(46,907)
Other operating expenses		(1,548)	(2,374)
Changes in fair value of investment securities		3,087	(408)
Changes in fair value of derivative financial instruments		289	(131)
Impairment loss on available-for-sale financial assets		–	(4,398)
Employee benefits expense	5	(10,880)	(8,348)
Depreciation/amortisation expense		(2,889)	(2,737)
Other expenses		(2,908)	(2,297)
Other (losses)/gains, net	6	(648)	3,170
Finance costs		(209)	(115)
Share of results of associates	15	193	238
Profit before tax	7	25,136	14,668
Income tax expense	8	(4,702)	(3,044)
Profit for the year		20,434	11,624
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Share of reserves of associates		14	(14)
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
Changes in fair value		(12)	(9,734)
Fair value changes reclassified to profit or loss		–	2,991
Reclassification of investment revaluation reserve to profit or loss when an investment became an associate		–	(6,372)
Realisation of foreign currency translation reserve to profit or loss		(79)	–
Exchange differences arising from translation of foreign operations		3,487	(405)
Share of reserves of associates		(5)	–
Other comprehensive income for the year, net of tax		3,405	(13,534)
Total comprehensive income for the year		23,839	(1,910)

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 2017

		Group	
	Note	2017	2016
		US$'000	US$'000
Profit attributable to:			
Equity holders of the Company		17,928	10,286
Non-controlling interests		2,506	1,338
		20,434	11,624
Total comprehensive income attributable to:			
Equity holders of the Company		21,473	(3,250)
Non-controlling interests		2,366	1,340
		23,839	(1,910)
Earnings per share (US cents):	9		
Basic		1.93	1.11
Diluted		1.93	1.11

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

BALANCE SHEETS
AS AT 30 JUNE 2017

		Group		Company	
	Note	**2017**	**2016**	**2017**	**2016**
		US$'000	US$'000	US$'000	US$'000
Assets					
Non-current assets					
Plant and equipment	11	8,827	9,743	444	498
Prepaid lease payments	12	18,580	19,304	–	–
Investment properties	13	23,816	24,301	–	–
Subsidiaries	14	–	–	57,497	57,801
Associates	15	58,709	33,230	33,400	33,400
Investment securities	17	28,964	48,150	5,419	5,430
Other receivables	22	28,871	12,871	–	–
Other assets	18	261	237	–	–
Deferred tax assets	19	96	79	–	–
		168,124	147,915	96,760	97,129
Current assets					
Development properties	20	66,116	33,827	–	–
Inventories	21	36,809	31,069	–	–
Trade and other receivables	22	61,090	55,276	42	123
Tax recoverable		285	284	–	–
Amounts due from subsidiaries	23	–	–	88,988	91,729
Investment securities	17	11,255	29,019	8,920	13,709
Derivative financial instruments	24	12	–	–	–
Cash and cash equivalents	25	102,639	76,007	32,083	22,453
		278,206	225,482	130,033	128,014
Total assets		446,330	373,397	226,793	225,143
Equity and liabilities					
Current liabilities					
Borrowings	26	7,720	8,000	–	–
Trade and other payables	27	114,958	58,623	3,376	2,393
Amounts due to subsidiaries	28	–	–	1,694	8,079
Income tax payable		5,429	3,076	–	118
Derivative financial instruments	24	175	452	95	189
		128,282	70,151	5,165	10,779
Non-current liabilities					
Other payables	27	270	258	–	28
Deferred tax liabilities	19	1,981	2,315	–	–
		2,251	2,573	–	28
Total liabilities		130,533	72,724	5,165	10,807

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

BALANCE SHEETS
AS AT 30 JUNE 2017

		Group		Company	
	Note	**2017**	**2016**	**2017**	**2016**
		US$'000	US$'000	US$'000	US$'000
Equity					
Share capital	29	150,863	151,194	150,863	151,194
Reserves	30	1,146	(2,399)	258	–
Accumulated profits		143,392	131,984	70,507	63,142
Equity attributable to equity holders of the Company		295,401	280,779	221,628	214,336
Non-controlling interests		20,396	19,894	–	–
Total equity		315,797	300,673	221,628	214,336
Total equity and liabilities		446,330	373,397	226,793	225,143

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 2017

Group	Attributable to equity holders of the Company								
	Share capital	**Foreign currency translation reserve**	**Investment revaluation reserve**	**Capital reserve**	**Asset revaluation reserve**	**Accumulated profits**	**Total**	**Non-controlling interests**	**Total equity**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 July 2016	151,194	(3,270)	542	343	(14)	131,984	280,779	19,894	300,673
Profit for the year	–	–	–	–	–	17,928	17,928	2,506	20,434
Other comprehensive income									
Available-for-sale financial assets:									
Changes in fair value	–	–	(12)	–	–	–	(12)	–	(12)
Realisation of foreign currency translation reserve to profit or loss	–	(79)	–	–	–	–	(79)	–	(79)
Share of reserves of associates	–	(5)	–	–	14	–	9	–	9
Exchange differences arising from translation of foreign operations	–	3,627	–	–	–	–	3,627	(140)	3,487
Other comprehensive income, net of tax	–	3,543	(12)	–	14	–	3,545	(140)	3,405
Total comprehensive income for the year	–	3,543	(12)	–	14	17,928	21,473	2,366	23,839
Contributions by and distributions to owners									
Dividends paid to equity holders of the Company (Note 10)	–	–	–	–	–	(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 29)	(331)	–	–	–	–	–	(331)	–	(331)
Total contributions by and distributions to owners	(331)	–	–	–	–	(6,520)	(6,851)	(1,864)	(8,715)
Balance at 30 June 2017	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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Attributable to equity holders of the Company								
Group	**Share capital**	**Foreign currency translation reserve**	**Investment revaluation reserve**	**Capital reserve**	**Asset revaluation reserve**	**Accumulated profits**	**Total**	**Non-controlling interests**	**Total equity**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 July 2015	152,009	(2,863)	13,657	343	–	141,279	304,425	20,211	324,636
Profit for the year	–	–	–	–	–	10,286	10,286	1,338	11,624
Other comprehensive income									
Available-for-sale financial assets:									
Changes in fair value	–	–	(9,734)	–	–	–	(9,734)	–	(9,734)
Fair value changes reclassified to profit or loss	–	–	2,991	–	–	–	2,991	–	2,991
Reclassification of investment revaluation reserve to profit or loss when an investment became an associate	–	–	(6,372)	–	–	–	(6,372)	–	(6,372)
Share of reserves of associate	–	–	–	–	(14)	–	(14)	–	(14)
Exchange differences arising from translation of foreign operations	–	(407)	–	–	–	–	(407)	2	(405)
Other comprehensive income, net of tax	–	(407)	(13,115)	–	(14)	–	(13,536)	2	(13,534)
Total comprehensive income for the year	–	(407)	(13,115)	–	(14)	10,286	(3,250)	1,340	(1,910)
Contributions by and distributions to owners									
Dividends paid to equity holders of the Company (Note 10)	–	–	–	–	–	(19,581)	(19,581)	–	(19,581)
Dividends paid to non-controlling interests of subsidiary	–	–	–	–	–	–	–	(1,657)	(1,657)
Repurchase of shares (Note 29)	(815)	–	–	–	–	–	(815)	–	(815)
Total contributions by and distributions to owners	(815)	–	–	–	–	(19,581)	(20,396)	(1,657)	(22,053)
Balance at 30 June 2016	151,194	(3,270)	542	343	(14)	131,984	280,779	19,894	300,673

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 2017

Company	**Share capital**	**Investment revaluation reserve**	**Accumulated profits**	**Total equity**
	US$'000	US$'000	US$'000	US$'000
Balance at 1 July 2016	151,194	–	63,142	214,336
Profit for the year	–	–	13,885	13,885
Other comprehensive income				
Available-for-sale financial assets:				
Changes in fair value	–	258	–	258
Other comprehensive income, net of tax	–	258	–	258
Total comprehensive income for the year	–	258	13,885	14,143
Contributions by and distributions to owners				
Dividends paid to equity holders of the Company (Note 10)	–	–	(6,520)	(6,520)
Repurchase of shares (Note 29)	(331)	–	–	(331)
Total contributions by and distributions to owners	(331)	–	(6,520)	(6,851)
Balance at 30 June 2017	150,863	258	70,507	221,628

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 2017

Company	Share capital	Investment revaluation reserve	Accumulated profits	Total equity
	US$'000	US$'000	US$'000	US$'000
Balance at 1 July 2015	152,009	14,469	69,504	235,982
Profit for the year	–	–	13,219	13,219
Other comprehensive income				
Available-for-sale financial assets:				
Changes in fair value	–	(7,749)	–	(7,749)
Fair value changes reclassified to profit or loss	–	1,191	–	1,191
Reclassification of investment revaluation reserve to profit or loss when an investment became an associate	–	(7,974)	–	(7,974)
Reclassification of realised loss on disposal to profit or loss	–	63	–	63
Other comprehensive income, net of tax	–	(14,469)	–	(14,469)
Total comprehensive income for the year	–	(14,469)	13,219	(1,250)
Contributions by and distributions to owners				
Dividends paid to equity holders of the Company (Note 10)	–	–	(19,581)	(19,581)
Repurchase of shares (Note 29)	(815)	–	–	(815)
Total contributions by and distributions to owners	(815)	–	(19,581)	(20,396)
Balance at 30 June 2016	151,194	–	63,142	214,336

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 2017

	Note	Group 2017	Group 2016
		US$'000	US$'000
Cash flows from operating activities			
Profit before tax		25,136	14,668
Adjustments for:			
Share of results of associates		(193)	(238)
Depreciation/amortisation expense		2,889	2,737
Dividend income	4	(1,801)	(3,496)
Interest income	4	(1,838)	(1,141)
Finance costs		209	115
Unrealised translation (gain)/loss		(6)	1,340
Loss on disposal of plant and equipment	6	190	42
Gain on liquidation of a subsidiary	6	(81)	–
Loss on dilution of investment interests in an associate	6	1,395	–
Gain on disposal of available-for-sale financial assets	6	(116)	(63)
Changes in fair value of financial asset at fair value through profit or loss		–	(2,607)
Impairment loss on available-for-sale financial assets		–	4,398
(Write-back of impairment loss)/impairment loss on other assets	6	(24)	27
Reclassification of investment revaluation reserve to profit or loss when an investment became an associate	6	–	(6,372)
Write-back of allowance for inventory obsolescence	21	(721)	(864)
Operating cash flows before changes in working capital		25,039	8,546
Changes in working capital:			
(Increase)/decrease in development properties		(32,289)	5,974
Increase in inventories		(5,019)	(3,012)
Decrease/(increase) in held-for-trading investments		17,475	(20,057)
Redemption of structured deposits		–	744
Placement of structured deposits		–	(705)
Increase in receivables		(5,581)	(16,997)
Increase in payables		56,170	8,388
Cash flows from/(used in) operations		55,795	(17,119)
Interest paid		(198)	(107)
Interest received		1,763	810
Dividends received from held-for-trading investments		816	933
Income tax paid		(2,616)	(3,163)
Net cash flows from/(used in) operating activities		55,560	(18,646)

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 2017

	Note	Group 2017	Group 2016
		US$'000	US$'000
Cash flows from investing activities			
Purchase of plant and equipment		(1,641)	(7,762)
Proceeds from disposal of plant and equipment		1	155
Purchase of available-for-sale financial assets		(12,000)	(13,742)
Proceeds from disposal of available-for-sale financial assets		12,635	770
Dividends received from available-for-sale financial assets		492	2,822
Purchase of financial assets at fair value through profit or loss		(14,706)	(7,000)
Dividends received from an associate		2,428	942
Additional investment in an associate		–	(1,310)
Increase in property development loans to an associate		(8,649)	(10,600)
Repayment of property development loans from an associate		1,397	–
Net cash flows used in investing activities		(20,043)	(35,725)
Cash flows from financing activities			
Dividends paid to equity holders of the Company	10	(6,520)	(19,581)
Dividends paid to non-controlling interests of a subsidiary	14	(1,834)	(1,657)
Return of capital to non-controlling interests of a subsidiary		(30)	–
Drawdown of bank loan	26	14,706	8,000
Repayment of bank loan		(14,394)	(11,091)
Repurchase of shares	29	(331)	(815)
Net cash flows used in financing activities		(8,403)	(25,144)
Net increase/(decrease) in cash and cash equivalents		27,114	(79,515)
Effect of exchange rate changes on cash and cash equivalents		(482)	(2,972)
Cash and cash equivalents at beginning of year		76,007	158,494
Cash and cash equivalents at end of year	25	102,639	76,007

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 2017

1. Corporate information

Chuan Hup Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in the Republic of 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 14 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group’s interests in associates.

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.

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 2016. 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 2017

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 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (December 2016) - Amendments to FRS 112 *Clarification of the Scope of the Standard*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 110 & FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for FRS 109 and FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes on adoption of FRS 109 and FRS 115 are described below.

FRS 109 Financial Instruments

FRS 109 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 FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group currently measures certain investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investments at fair value. The Group plans to adopt the standard on the required effective date without restating prior period's information and recognises any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, 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.

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.

Management is currently reviewing the accounting implications of FRS 115. The new standard will supersede all existing revenue guidance affecting the Group under FRS and may result in changes in revenue and cost recognition model on contracts across the Group. Management is currently assessing the full impact of the application of FRS 115 on the Group's financial statements and it is therefore not practicable to provide a reasonable financial estimate of the effect until the detailed review is completed. Management does not intend to early adopt the standard.

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 2017

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**

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 interests 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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 foreign currency translation reserve in equity. The foreign 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 2017

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 remaining 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 remaining 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 2017

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 account for its investment 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

2.12 ***Associates (cont'd)***

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

2.14 *Financial instruments (cont'd)*

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

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

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.

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 2017

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

(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.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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 2017

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 2017

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 upon completion of services. Revenue from the design or development of new product is recognised by reference to certain stage of completion at the end of the reporting period.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

2.26 ***Taxes (cont'd)***

(b) **Deferred tax (cont'd)**

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 sheets.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

2.28 ***Contingencies (cont'd)***

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 carrying amounts. 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.

No impairment loss is required as the fair values of the available-for-sale financial assets are in excess of the carrying amounts in the current financial year. In the previous financial year, the Group recognised an impairment loss of US$4,398,000.

(b) **Investment in an associate**

As at 30 June 2017, the Group held 35.5% interest in Pacific Star Development Limited ("PSDL"), a Singapore-based property developer listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

As at 30 June 2016, the Group's investment in convertible loan to PSD Holdings Pte Ltd ("PSDH") was US$20,178,000 (Note 17). During the financial year, the Group invested in a convertible loan to Major Star Holdings Limited ("MSH") of US$14,706,000. The convertible loan to PSDH were then novated to MSH in November 2016. These loans were then converted to a 77.2% stake in MSH with a residual loan receivable of US$7,680,000 (Note 22). The investment in MSH was classified as an investment in a subsidiary held as current asset as at 31 December 2016.

MSH was an investment holding company which had a 50% interest in PSDH. PSDH in turn held 100% interest in Pacific Star Development Pte Ltd, the subject of a reverse takeover with LH Group Limited ("LH"), a company listed on SGX-ST. The reverse takeover was completed on 15 February 2017, and LH was renamed PSDL.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

3.1 ***Judgements made in applying accounting policies (cont'd)***

(b) **Investment in an associate (cont'd)**

MSH procured the issuance of shares in PSDL to the Group, and bought back its shares held by the Group. The investment in subsidiary was reclassified to an investment in associate to account for the Group's interest in PSDL. The Group was accorded two board seats, one of which was filled during the financial year and the other one was filled on 1 August 2017. The Group accounts for its interest in PSDL using the equity method (Note 15).

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 2017 was US$56,675,000 (2016: US$53,458,000).

(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 2017. The valuation technique adopted was the Comparison Method (Market Approach). This involves analysing recent sales evidence of similar properties in the subject and comparable developments. Adjustments were made for differences in size, location, time, age, quality and other relevant factors, before arriving at the market value of the property.

The carrying amount of the Group's investment properties at 30 June 2017 was US$23,816,000 (2016: US$24,301,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

3.2 ***Key sources of estimation uncertainty (cont'd)***

(c) **Fair value of financial instruments**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which involve the use of assumptions and estimates. The key assumptions applied in determination of the valuation of the unquoted convertible loan and sensitivity analysis are provided in Note 32(d). During the financial year, the unquoted convertible loan was converted into an investment (Note 3.1(b)) and a loan receivable (Note 22). The carrying amount of the unquoted convertible loan in the previous financial year was US$20,178,000 (Note 17).

(d) **Allowance for inventories**

The Group reviews its inventory levels in order to identify excess, obsolete and slow moving inventories. Where the Group identifies items of inventory that had net realisable value that is lower than its carrying amount, the Group estimates the amounts of inventory loss as allowance on inventory. Management is satisfied that adequate allowance for excess, obsolete and slow moving inventory has been made in the financial statements. The carrying amount of inventories at the end of the reporting period is disclosed in Note 21 to the financial statements.

(e) **Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying amount of the Group's deferred tax assets at 30 June 2017 was US$96,000 (2016: US$79,000). The unrecognised tax losses at 30 June 2017 is disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

4. Revenue

	Group	
	2017	**2016**
	US$'000	US$'000
Sale of goods	187,751	169,045
Sale of development properties	78,048	52,065
Rental income	2,413	3,705
Rendering of services	8,093	7,071
Dividend income from quoted equity securities	1,801	3,496
Interest income	1,838	1,141
Gain on disposal of held-for-trading investment securities	1,802	1,385
Others	1,443	600
	283,189	238,508

5. Employee benefits expense

	Group	
	2017	**2016**
	US$'000	US$'000
Expenses including directors' remuneration:		
Salaries, allowances and short term benefits	10,144	7,630
Defined contribution plan	509	516
	10,653	8,146

In addition to the above, employee benefits expense which relates to the Group's electronics manufacturing and property management activities comprises salaries, allowances and short term benefits of US$15,538,000 (2016: US$15,568,000) as well as defined contribution plan payments of US$2,052,000 (2016: US$1,627,000) which are included in "manufacturing expenses" and "other operating expenses" line items of profit or loss.

6. Other (losses)/gains, net

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

	Group	
	2017	**2016**
	US$'000	US$'000
Gain on disposal of available-for-sale financial assets	116	63
Loss on disposal of plant and equipment	(190)	(42)
Write-back of other payables	–	270
Write-back of impairment loss/(impairment loss) on other assets (Note 18)	24	(27)
Gain on liquidation of a subsidiary	81	–
Loss on dilution of investment interests in an associate	(1,395)	–
Reclassification of investment revaluation reserve to profit or loss when an investment became an associate	–	6,372
Foreign exchange gain/(loss)	372	(4,027)
Other income	344	561
	(648)	3,170

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

7. Auditors' remuneration

Auditors' remuneration included in arriving at profit before tax:

	Group	
	2017	2016
	US$'000	US$'000
Audit fees:		
Auditor of the Company	185	185
Other auditors	42	49
Non-audit fees:		
Auditor of the Company	24	37
Other auditors	101	50
	352	321

8. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2017 and 2016 are:

	Group	
	2017	2016
	US$'000	US$'000
Current income tax:		
Current income taxation	5,354	2,655
Over provision in prior years	(116)	(96)
Benefits from previously unrecognised tax losses	(467)	(89)
	4,771	2,470
Deferred income tax (Note 19):		
Origination and reversal of temporary differences	(387)	65
(Over)/under provision in prior years	(2)	30
	(389)	95
Withholding tax	320	479
Income tax expense recognised in profit or loss	4,702	3,044

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

8. Income tax expense (cont'd)

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 2017 and 2016 is as follows:

	Group	
	2017	**2016**
	US$'000	US$'000
Profit before tax	25,136	14,668
Less: Share of results of associates*	(193)	(238)
	24,943	14,430
Tax at domestic rates applicable to individual group entities	8,486	5,047
Adjustments:		
Non-deductible expenses	894	1,931
Income not subject to tax	(4,430)	(5,032)
Benefits from previously unrecognised tax losses	(467)	(89)
Effect of partial tax exemption and tax relief	(142)	(149)
Over provision in respect of prior years	(118)	(66)
Withholding tax on foreign income	320	479
Deferred tax assets not recognised	133	890
Others	26	33
Income tax expense recognised in profit or loss	4,702	3,044

* 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	
	2017	**2016**
	US$'000	US$'000
Unutilised tax losses	9,785	11,519
Unutilised donations	127	166
	9,912	11,685
Deferred tax asset not recognised	2,059	2,517

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.

NOTES TO THE FINANCIAL STATEMENTS
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9. 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 outstanding 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:

	Group	
	2017	**2016**
Earnings (US$'000):		
Profit attributable to equity holders of the Company	17,928	10,286
Number of shares ('000):		
Weighted average number of ordinary shares	929,438	930,541
Earnings per share (US cents)	1.93	1.11

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

10. Dividends

	Group and Company	
	2017	**2016**
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final tax exempt (one-tier) dividend for 2016 of S$0.01 (2015: Final tax exempt (one-tier) and special tax exempt (one-tier) dividends of S$0.01 and S$0.02 respectively) per share	6,520	19,581
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
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	20,226	6,892

Upon approval by shareholders at the forthcoming Annual General Meeting, the proposed dividends will then be accounted for as an appropriation of accumulated profits.

NOTES TO THE FINANCIAL STATEMENTS
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11. Plant and equipment

Group	Leasehold improvements	Furniture, fittings, plant and equipment	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000
Cost				
At 1 July 2015	1,444	30,324	1,015	32,783
Additions	3,757	3,695	338	7,790
Disposals	(1,001)	(2,984)	(317)	(4,302)
Transfer	792	(792)	–	–
Exchange differences	336	(416)	(1)	(81)
At 30 June 2016 and 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	5,426	28,630	1,097	35,153
Accumulated depreciation				
At 1 July 2015	883	27,108	489	28,480
Depreciation for the year	344	1,598	163	2,105
Disposals	(972)	(2,934)	(199)	(4,105)
Exchange differences	335	(362)	(6)	(33)
At 30 June 2016 and 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	1,242	24,495	589	26,326
Net carrying amount				
At 30 June 2016	4,738	4,417	588	9,743
At 30 June 2017	4,184	4,135	508	8,827

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11. Plant and equipment (cont'd)

Company	**Leasehold improvements**	**Furniture, fittings, plant and equipment**	**Total**
	US$'000	US$'000	US$'000
Cost			
At 1 July 2015	64	123	187
Additions	261	276	537
Disposals	(64)	(71)	(135)
At 30 June 2016 and 1 July 2016	261	328	589
Additions	44	38	82
Disposals	–	(24)	(24)
At 30 June 2017	305	342	647
Accumulated depreciation			
At 1 July 2015	64	107	171
Depreciation for the year	24	29	53
Disposals	(64)	(69)	(133)
At 30 June 2016 and 1 July 2016	24	67	91
Depreciation for the year	70	66	136
Disposals	–	(24)	(24)
At 30 June 2017	94	109	203
Net carrying amount			
At 30 June 2016	237	261	498
At 30 June 2017	211	233	444

Commitments

As at 30 June 2017, the Group has US$2,455,000 (2016: US$Nil) of capital expenditure contracted for but not recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12. Prepaid lease payments

	Group	
	2017	**2016**
	US$'000	US$'000
Cost		
At 1 July	20,018	19,977
Exchange differences	(42)	41
At 30 June	19,976	20,018
Accumulated amortisation		
At 1 July	714	75
Amortisation for the year	685	632
Exchange differences	(3)	7
At 30 June	1,396	714
Net carrying amount		
At 30 June	18,580	19,304

Details of properties relating to prepaid lease payments as at 30 June 2017 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	16,402

The property rental income from the Group's leasehold properties partially leased out under operating leases, amounted to US$1,594,000 (2016: US$2,995,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating leasehold property amounted to US$1,372,000 (2016: US$2,000,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

13. Investment properties

	Group	
	2017	**2016**
	US$'000	US$'000
Balance sheet		
At 1 July	24,301	24,386
Exchange differences	(485)	(85)
At 30 June	23,816	24,301
Statement of comprehensive income		
Rental income from investment properties:		
Minimum lease payments	819	710
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating properties	191	234

Valuation of investment properties

Investment properties are measured at fair value which has been determined based on valuation performed as at 30 June 2017. 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 Comparison Method (Market Approach). This involved the analysis of recent sales evidence of similar properties in the subject and comparable developments. Adjustments were made for differences in size, location, time, age, quality and other relevant factors, before arriving at the market value of the property.

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

The investment properties held by the Group as at 30 June 2017 are as follows:

Description of properties	Existing use	Tenure	Unexpired lease term	Area (square metre)
Office floors, 20th to 22nd located in GB Building, 143 Cecil Street, Singapore	Offices	Leasehold	64 years	1,492

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. Subsidiaries

	Company	
	2017	**2016**
	US$'000	US$'000
Shares, at cost	79,859	80,163
Impairment losses	(22,362)	(22,362)
	57,497	57,801

(a) Composition of the Group

The Group has the following investments in subsidiaries.

Name	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group 2017	2016
			%	%
Held by the Company:				
Beauford Investments Pte Ltd (formerly known as Beauford Marine Pte Ltd)[1]	Singapore	Investment holding and trading[10]	100	100
Cresta Investment Pte. Ltd.	Singapore	Struck off	–	100
ProVest Global Pte. Ltd.[1]	Singapore	Investment holding	100	100
ProVest Holdings Pte. Ltd.[1]	Singapore	Dormant	100	100
ProVest Realty Pte. Ltd.[1]	Singapore	Property investment	100	100
ProVest Transworld Limited[1]	Singapore	Dormant	99.7	99.7
CH Biovest Pte. Limited[1]	Singapore	Investment holding	100	100
Ventrade (Asia) Pte. Ltd.[1]	Singapore	Investment holding and trading	100	100
PCI Limited[1]	Singapore	Investment holding and provision of electronics manufacturing services	76.7	76.7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. Subsidiaries (cont'd)

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

Name	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group 2017	2016
			%	%
Held through subsidiaries:				
Held by ProVest Holdings Pte. Ltd.				
Valcom Holdings Inc	British Virgin Islands	Liquidated	–	100
Held by Ventrade (Asia) Pte. Ltd.				
Ventrade Australia Pty Ltd[(2)]	Australia	Property development	100	100
Held by Ventrade Australia Pty Ltd				
Ventrade Maylands Pty Ltd[(3)]	Australia	Property development	100	100
Held by PCI Limited				
Printed Circuits International Incorporated[(9)]	United States of America	Investment holding and provision of support on electronics manufacturing services	76.7	76.7
PT. Prima Circuitama Indonesia[(5)]	Indonesia	Dormant	70.9	70.9
PT. PCI Elektronik Internasional[(5)]	Indonesia	Provision of electronics manufacturing services	76.7	76.7
Pacific Gain Holding Limited[(9)]	British Virgin Islands	Investment holding	76.7	76.7
PCI China Private Limited[(1)]	Singapore	Investment holding	76.7	76.7
Quijul Pte Ltd[(1)]	Singapore	Rental of property	76.7	76.7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. Subsidiaries (cont'd)

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

Name	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group 2017	2016
			%	%
Held through subsidiaries:				
Held by Printed Circuits International Incorporated				
Printed Circuits International Private Limited[(1)]	Singapore	Rendering of estate management services	76.7	76.7
PCI Displays Pte. Ltd.[(1)]	Singapore	Provision of electronics manufacturing and information technology services	76.7	76.7
Held by Pacific Gain Holding Limited				
Polymicro Corporation (Singapore) Pte Ltd[(1) (8)]	Singapore	Investment holding	76.7	76.7
Polymicro Precision Technology (Thailand) Co. Ltd[(6)]	Thailand	Dormant	76.7	76.7
Technology Enabler Designers Phils. Inc.[(4)]	Philippines	Provision of research and development services	76.7	76.7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. Subsidiaries (cont'd)

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

Name	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group 2017	2016
			%	%
Held through subsidiaries:				
Held by PCI China Private Limited				
PCI-Gaozhi (Shanghai) Electronic Co., Ltd.	China	Liquidated	–	69
PCI Shanghai Electronics Co., Ltd[7]	China	Provision of electronics manufacturing services	76.7	76.7
PCI Kunshan Electronics Co., Ltd[7]	China	Provision of electronics manufacturing services	76.7	76.7
Held by Quijul Pte Ltd				
Quijul Logistics Pte. Ltd.[1]	Singapore	Value added logistics provider and general warehousing	76.7	76.7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. Subsidiaries (cont'd)

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

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by KPMG, Perth, Australia.
(3) Audited by KPMG, Perth, Australia for the purpose of group consolidation.
(4) Audited by member firm of Ernst & Young Global in Philippines (SGV & CO).
(5) Audited by Drs Bernardi & Co. Registered Public Accountants, Jakarta, Indonesia.
(6) Audited by V.A.T. Accounting, Bangkok, Thailand.
(7) Audited by Shanghai Linfang Certified Public Accountants, Co. Ltd, Shanghai, China.
(8) The investment represents 6.1% equity interest held through PCI Limited. The remaining 70.6% equity interest is held through Pacific Gain Holding Limited, a subsidiary of PCI Limited.
(9) Not required to be audited under the law in the country of incorporation.
(10) The ship agency and ship chartering business was discontinued during the current financial year.

(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	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
		%	US$'000	US$'000	US$'000
30 June 2017					
PCI Limited	Singapore	23.3	2,506	20,393	1,834
30 June 2016					
PCI Limited	Singapore	23.3	1,338	19,891	1,657

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14. Subsidiaries (cont'd)

(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	
	2017	**2016**
	US$'000	US$'000
Summarised balance sheet		
Current		
Assets	120,035	99,685
Liabilities	(59,027)	(42,639)
Net current assets	61,008	57,046
Non-current		
Assets	27,320	28,858
Liabilities	(963)	(686)
Net non-current assets	26,357	28,172
Net assets	87,365	85,218
Summarised statement of comprehensive income		
Revenue	198,917	180,231
Profit before tax	12,948	7,312
Income tax expense	(2,330)	(1,575)
Profit after tax	10,618	5,737
Other comprehensive income	(592)	3
Total comprehensive income	10,026	5,740
Other summarised information		
Net cash flows from operations	21,508	1,390

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15. Associates

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Quoted shares, at cost	60,541	33,400	33,400	33,400
Share of post-acquisition reserves	(967)	224	–	–
Dividends received	(3,370)	(942)	–	–
Exchange adjustment	2,505	548	–	–
	58,709	33,230	33,400	33,400
Fair value of investment based on published price quotation	56,761	27,545	27,762	27,545

Name	Country of incorporation	Principal activities	Proportion of ownership interest held by the Group 2017	2016
			%	%
Held by the Company:				
Finbar Group Limited[1]	Australia	Property development and investment	19.7	19.6
Held through subsidiary:				
Held by CH Biovest Pte. Limited				
Pacific Star Development Limited[2]	Singapore	Property development	35.5	–

(1) Audited by KPMG, Perth, Australia.
(2) Audited by Ernst & Young LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS
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15. 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 2017	**30 June 2016**	**30 June 2017**	**30 June 2016**
	US$'000	US$'000	US$'000	US$'000
Current assets	154,377	108,639	123,636	–
Non-current assets	165,521	141,843	1,916	–
Total assets	319,898	250,482	125,552	–
Current liabilities	144,335	42,478	52,044	–
Non-current liabilities	9,378	38,747	41,825	–
Total liabilities	153,713	81,225	93,869	–
Net assets	166,185	169,257	31,683	–
Non-controlling interests	(78)	(114)	(11,024)	–
	166,107	169,143	20,659	–
Proportion of the Group's ownership	19.7%	19.6%	35.5%	–
Group's share of net assets	32,657	33,220	7,338	–
Other adjustments	(122)	10	18,836	–
Carrying amount of the investment	32,535	33,230	26,174	–

Summarised statement of comprehensive income

	Finbar Group Limited[(1)]		Pacific Star Development Limited[(2)]	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Revenue	91,101	51,382	23,623	–
Profit after tax	3,914	1,213	4,433	–
Other comprehensive income	(186)	(74)	(138)	–
Total comprehensive income	3,728	1,139	4,295	–
Dividends received from the associate during the year	2,428	942	–	–

(1) The results for 2016 relate to the period from the date of reclassification 1 January 2016 to 30 June 2016.
(2) The results disclosed relate to 1 January 2017 to 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

16. Joint operations

Name	Country of operations	Principal activities	Effective interest held by the Group 2017	2016
			%	%
Held through subsidiaries:				
Held by Ventrade Australia Pty Ltd				
187 Adelaide Terrace	Australia	Property development	50	50
Held by Ventrade Maylands Pty Ltd				
241 Railway Parade	Australia	Property development	50	50

17. Investment securities

	Group 2017	Group 2016	Company 2017	Company 2016
	US$'000	US$'000	US$'000	US$'000
Current				
Held-for-trading investments:				
Quoted equity securities	11,255	29,019	8,920	13,709
Non-current				
Available-for-sale financial assets:				
Quoted equity investments(i)	2,257	2,509	315	371
Unquoted fund investments(i)	16,028	16,037	4,008	3,694
Unquoted equity investments, at cost (i)	10,679	9,426	1,096	1,365
Investment designated at fair value through profit or loss:				
Unquoted convertible loan	–	20,178	–	–
	28,964	48,150	5,419	5,430

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

17. Investment securities (cont'd)

(i) 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.

The unquoted available-for-sale financial assets 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" 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.

The Group's investment securities amounting to US$15,023,000 (2016: US$27,732,000) are pledged as security for a bank loan (Note 26) and other bank facilities.

Impairment loss on available-for-sale financial assets

No impairment is required for the financial year (2016: impairment loss of US$4,398,000) as there was no "significant" nor "prolonged" decline in the fair value of the available-for-sale financial assets below their costs. The Group treats "significant" generally as 30% and "prolonged" as greater than 12 months.

18. Other assets

	Group	
	2017	**2016**
	US$'000	US$'000
Club memberships, at cost	315	315
Impairment losses	(54)	(78)
	261	237

A write-back of impairment loss of US$24,000 (2016: impairment loss of US$27,000), representing the revaluation of the carrying amount of club memberships to their recoverable amount was recognised in profit or loss. 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 2017 was US$299,000 (2016: US$265,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

19. Deferred tax

Deferred tax as at 30 June relates to the following:

	Group			
	Balance sheet		Statement of comprehensive income	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Deferred tax assets:				
Provision	92	74	(18)	(71)
Unutilised tax losses	4	5	1	4
	96	79		
Deferred tax liabilities:				
Differences in development properties	(898)	(1,422)	(562)	(324)
Differences in depreciation	(765)	(686)	79	362
Differences in recognition of rental income	(2)	–	2	–
Unremitted foreign interest income	(316)	(207)	109	124
	(1,981)	(2,315)		
Deferred tax (credit)/expense (Note 8)			(389)	95

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2016: US$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$3,326,000 (2016: US$2,689,000). The deferred tax liability is estimated to be US$608,000 (2016: US$538,000).

NOTES TO THE FINANCIAL STATEMENTS
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20. Development properties

	Group	
	2017	**2016**
	US$'000	US$'000
Completed properties	59,349	18,192
Properties under development	6,767	15,635
	66,116	33,827

Details of the Group's development properties as at 30 June 2017 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
				%
Concerto				
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
Unison on Tenth				
167 apartments and 2 commercial units on Tenth Avenue, Maylands, Western Australia	Freehold	Completed in FY2016	8,760/12,990	100
Unison on Kennedy				
A mixture of 3-storey and 10-storey residential development comprising 180 apartments and 2 commercial units on Kennedy Street, Maylands, Western Australia	Freehold	FY2020	8,499/13,490	100

Commitments

There is US$Nil (2016: US$32,632,000) capital commitments in relation to development properties contracted for with an associate under joint operations at the end of the reporting period, but not recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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21. Inventories

	Group	
	2017	2016
	US$'000	US$'000
Balance sheet		
Raw material	27,254	17,006
Work-in-progress	1,740	996
Finished goods	7,815	13,067
	36,809	31,069
Statement of comprehensive income		
Inventories recognised as an expense in raw material and consumables	149,812	136,277
Profit or loss includes the following credit:		
Write-back of allowance for inventories no longer required	721	864

22. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Trade and other receivables (current)				
Trade receivables	39,543	39,189	–	29
Trade receivables - associate	17,132	14,269	–	–
GST/VAT receivables	528	347	–	–
Deposits	693	898	22	86
Prepayments	2,999	510	12	8
Others	195	63	8	–
	61,090	55,276	42	123
Other receivables (non-current)				
Amounts due from an associate	20,860	12,871	–	–
Loan receivable	7,966	–	–	–
Accrued income	45	–	–	–
	28,871	12,871	–	–
Total trade and other receivables	89,961	68,147	42	123
Less: GST/VAT receivables	(528)	(347)	–	–
Less: Prepayments	(2,999)	(510)	(12)	(8)
Total loans and receivables	86,434	67,290	30	115

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

22. Trade and other receivables (cont'd)

Amounts due from an associate (non-current)

The non-current other receivable due from an associate is unsecured and for the purpose of the Group's property development project with the associate. The amounts are interest bearing at 6% per annum and is not expected to be repaid within the next 12 months. The amounts are due on completion of apartment sales.

Loan receivable (non-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.

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	
	2017	**2016**
	US$'000	US$'000
Past due and not impaired:		
Less than 3 months	3,625	3,679
3 months or more	–	238
	3,625	3,917

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 are past due but not impaired as there has not been a significant change in credit quality and the amounts were still considered recoverable.

Receivables subject to offsetting arrangements

The Group regularly purchases electronic raw materials from and sell electronic products to a customer. Both parties have an arrangement to settle the net amount due to or from each other.

The Group's trade receivables and trade payables that are offset are as follows:

	Gross carrying amount	**Gross amount offset in the balance sheet**	**Net amount in the balance sheet**
	US$'000	US$'000	US$'000
2017			
Trade receivables	3,768	(2,605)	1,163
Trade payables	(2,605)	2,605	–
2016			
Trade receivables	2,499	(1,959)	540
Trade payables	(1,959)	1,959	–

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

23. Amounts due from subsidiaries

	Company	
	2017	**2016**
	US$'000	US$'000
Amounts due from subsidiaries	94,488	97,229
Allowance for impairment	(5,500)	(5,500)
	88,988	91,729
Movement in allowance for impairment account:		
At 1 July	5,500	34,930
Written off	–	(29,430)
At 30 June	5,500	5,500

Amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash. Amount written off against allowance for impairment in previous financial year was in respect of a subsidiary, Valcom Holdings Inc, in preparation for it to be dissolved.

24. Derivative financial instruments

	Group			Company		
	Contract/ notional amount	**Assets**	**Liabilities**	**Contract/ notional amount**	**Assets**	**Liabilities**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2017						
Equity contracts	17,307	12	(175)	10,624	–	(95)
2016						
Equity and foreign exchange contracts	25,343	–	(452)	8,435	–	(189)

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 5 September 2017 to 28 June 2018.

Certain derivative contracts are pledged as security for a bank loan (Note 26) and other bank facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

25. Cash and cash equivalents

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Cash at banks	55,868	51,058	17,428	22,453
Short term deposits	46,771	24,949	14,655	–
	102,639	76,007	32,083	22,453

Investments in money market funds of US$27,886,000 (2016: US$21,223,000) and US$10,986,000 (2016: US$12,859,000) are recognised under cash at bank 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 the end of the reporting period for the Group and the Company were 1.02% (2016: 0.47%) and 1.02% (2016: Nil) per annum, respectively.

Cash and cash equivalents amounting to US$26,494,000 (2016: US$20,575,000) of the Group are pledged as security for a bank loan (Note 26) and other bank facilities.

26. Borrowings

	Group	
	2017	**2016**
	US$'000	US$'000
Secured bank loan		
Current	7,720	8,000

Short-term loan drawn by a subsidiary of US$7,720,000 relates to an investment in an unquoted fund investment. The interest rates ranged from 1.60% to 2.26% (2016: 1.60% to 1.62%) per annum. The loan is secured by borrowing subsidiary's cash and cash equivalents (Note 25), investment securities (Note 17) and derivative financial instruments (Note 24).

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27. Trade and other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Trade and other payables (current)				
Trade payables	41,139	27,741	–	–
Accrued property development expenditure and operating expenses	67,934	27,454	2,895	1,896
Provisions	3,971	2,891	–	–
Other payables	1,914	537	481	497
	114,958	58,623	3,376	2,393
Other payables (non-current)				
Provision	198	–	–	–
Other payables	72	258	–	28
	270	258	–	28
Total trade and other payables	115,228	58,881	3,376	2,421
Less: Provisions	(4,169)	(2,891)	–	–
Less: Accrued operating expenses	(5,091)	(4,014)	(121)	(103)
Total financial liabilities at amortised cost	105,968	51,976	3,255	2,318

These amounts are non-interest bearing. Trade payables are normally on credit terms of 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

The following table shows the movement of provisions for the financial years ended 30 June 2017 and 30 June 2016:

	Excess purchase order	**Staff retrenchment**	**Staff benefits**	**Total**
Group	US$'000	US$'000	US$'000	US$'000
At 1 July 2016	2,194	697	–	2,891
Addition during the year	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

NOTES TO THE FINANCIAL STATEMENTS

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27. Trade and other payables (cont'd)

	Excess purchase order	Staff retrenchment	Total
Group	US$'000	US$'000	US$'000
At 1 July 2015	2,128	1,549	3,677
Addition during the year	72	23	95
Utilisation	–	(817)	(817)
Exchange differences	(6)	(58)	(64)
At 30 June 2016	2,194	697	2,891

28. 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.

29. Share capital

	Group and Company			
	2017		2016	
	No. of shares	Share capital	No. of shares	Share capital
	'000	US$'000	'000	US$'000
Issued and fully paid ordinary shares:				
At 1 July	930,032	151,194	933,532	152,009
Share buyback	(1,759)	(331)	(3,500)	(815)
At 30 June	928,273	150,863	930,032	151,194

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.

30. Reserves

(a) ***Foreign currency translation reserve***

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign 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 do not result in a loss of control and were accounted for as equity transactions.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

31. 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:

	Group	
	2017	**2016**
	US$'000	US$'000
Transactions with key management personnel and related company:		
Engineering support services	647	648
Consultancy services	113	114
Transactions with associate:		
Interest income[1]	1,285	393
Property development expenses[1]	61,038	25,624

[1] Relates to subsidiaries of Finbar Group Limited, which was reclassified from an available-for-sale financial asset to an associate with effect from 1 January 2016.

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

	Group	
	2017	**2016**
	US$'000	US$'000
Salaries, allowances and short term benefits	6,735	4,080
Defined contribution plan	171	171
	6,906	4,251

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

32. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

(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)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
2017				
Financial assets				
Held-for-trading investments (Note 17)				
Quoted equity securities	11,255	–	–	11,255
Available-for-sale financial assets (Note 17)				
Quoted equity investments	2,257	–	–	2,257
Unquoted fund investments	–	16,028	–	16,028
Derivative financial instruments (Note 24)				
Equity contracts	–	12	–	12
	13,512	16,040	–	29,552
Non-financial assets				
Investment properties (Note 13)				
Commercial	–	23,816	–	23,816
Financial liabilities				
Derivative financial instruments (Note 24)				
Equity contracts	–	175	–	175

NOTES TO THE FINANCIAL STATEMENTS
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32. 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)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
2016				
Financial assets				
Held-for-trading investments (Note 17)				
Quoted equity securities	29,019	–	–	29,019
Investment designated at fair value through profit or los (Note 17)				
Unquoted convertible loan	–	–	20,178	20,178
Available-for-sale financial assets (Note 17)				
Quoted equity investments	2,509	–	–	2,509
Unquoted fund investments	–	16,037	–	16,037
	31,528	16,037	20,178	67,743
Non-financial assets				
Investment properties (Note 13)				
Commercial	–	24,301	–	24,301
Financial liabilities				
Derivative financial instruments (Note 24)				
Equity and foreign exchange contracts	–	452	–	452

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

32. 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)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	US$'000	US$'000	US$'000	US$'000
2017				
Financial assets				
Held-for-trading investments (Note 17)				
Quoted equity securities	8,920	–	–	8,920
Available-for-sale financial assets (Note 17)				
Quoted equity investments	315	–	–	315
Unquoted fund investments	–	4,008	–	4,008
	9,235	4,008	–	13,243
Financial liabilities				
Derivative financial instruments (Note 24)				
Equity contracts	–	95	–	95
2016				
Financial assets				
Held-for-trading investments (Note 17)				
Quoted equity securities	13,709	–	–	13,709
Available-for-sale financial assets (Note 17)				
Quoted equity investments	371	–	–	371
Unquoted fund investments	–	3,694	–	3,694
	14,080	3,694	–	17,774
Financial liabilities				
Derivative financial instruments (Note 24)				
Equity contracts	–	189	–	189

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

There is no transfer between Level 1, Level 2 and Level 3 of the fair value hierarchy for the financial years ended 30 June 2017 and 2016.

(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 13)

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 17)

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

Equity and foreign exchange contracts (Note 24)

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) ***Level 3 fair value measurements***

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 30 June 2016	Valuation technique	Unobservable inputs	Range
	US$'000			
Investment designated at fair value through profit or loss:				
Unquoted convertible loan	20,178	Probability-weighted approach	Probability of conversion	50%
			Credit spread	11.7% to 24.7%

Should the probability of conversion increase/decrease by 25%, the value of the unquoted convertible loan will increase/decrease by US$Nil (2016: US$3,260,000) respectively. The fair value of unquoted convertible loan is included within Level 3.

NOTES TO THE FINANCIAL STATEMENTS
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32. Fair value of assets and liabilities (cont'd)

(e) ***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:

	Quoted prices in active markets for identical assets	**Carrying amount**
	US$'000	US$'000
2017		
Group		
Associates	56,761	58,709
Company		
Associate	27,762	33,400
2016		
Group		
Associate	27,545	33,230
Company		
Associate	27,545	33,400

(f) ***Financial assets and liabilities are 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.

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

(f) ***Financial assets and liabilities not carried at fair value, for which carrying amounts approximate fair value (cont'd)***

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

	Note	Group		Company	
		2017	**2016**	**2017**	**2016**
		US$'000	US$'000	US$'000	US$'000
Loans and receivables					
Cash and cash equivalents	25	102,639	76,007	32,083	22,453
Trade and other receivables	22	86,434	67,290	30	115
Amounts due from subsidiaries	23	–	–	88,988	91,729
		189,073	143,297	121,101	114,297
Financial liabilities at amortised cost					
Borrowings	26	7,720	8,000	–	–
Trade and other payables	27	105,968	51,976	3,255	2,318
Amounts due to subsidiaries	28	–	–	1,694	8,079
		113,688	59,976	4,949	10,397

(g) ***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.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

33. 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 investments (Note 17) classified as held-for-trading and available-for-sale, as well as derivative financial instruments (Note 24). 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% (2016: 5%) higher/lower with all other variables held constant, the investment revaluation reserve of the Group and the Company would have been US$113,000 (2016: US$125,000) and US$16,000 (2016: US$19,000) 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% (2016: 5%) higher/lower with all other variables held constant, the profit before tax of the Group would have been US$555,000 (2016: US$1,428,000) higher/lower.

(ii) *Foreign currency risk*

Foreign currency risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations where the commercial transaction or recognised assets and liabilities are denominated in a currency other than the respective functional currencies of Group entities and the Company. The Group and the Company have transactional currency exposures arising from sales or purchses 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), Hong Kong dollar (HKD) and Philippines peso (Peso).

NOTES TO THE FINANCIAL STATEMENTS
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33. Financial risk management objectives and policies (cont'd)

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

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

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	Peso	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2017							
Financial assets							
Cash and cash equivalents	2,591	13,584	3,571	3,475	–	190	23,411
Trade and other receivables	541	85	20,860	–	534	27	22,047
Investment securities	–	8,226	3,184	1,611	7,209	2,396	22,626
Derivative financial instruments	–	29	–	–	–	–	29
	3,132	21,924	27,615	5,086	7,743	2,613	68,113
Financial liabilities							
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	17,761	27,172	5,049	7,743	2,358	61,106
2016							
Financial assets							
Cash and cash equivalents	1,561	21,230	1,010	2,337	–	88	26,226
Trade and other receivables	429	178	12,871	–	–	4	13,482
Investment securities	–	16,938	3,682	3,845	5,686	4,613	34,764
	1,990	38,346	17,563	6,182	5,686	4,705	74,472
Financial liabilities							
Trade and other payables	(1,918)	(3,312)	(278)	(5)	–	(282)	(5,795)
Derivative financial instruments	–	(83)	–	(170)	–	–	(253)
	(1,918)	(3,395)	(278)	(175)	–	(282)	(6,048)
Net financial assets	72	34,951	17,285	6,007	5,686	4,423	68,424

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

(a) Market risk (cont'd)

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

Company	SGD	AUD	HKD	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2017					
Financial assets					
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	7,063	–	85	2,395	9,543
Derivative financial instruments	11	–	–	–	11
	55,594	4,453	3,200	2,405	65,652
Financial liabilities					
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	51,101	4,453	3,163	2,405	61,122

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

(a) Market risk (cont'd)

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

Company	SGD	AUD	HKD	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2016					
Financial assets					
Cash and cash equivalents	8,844	305	–	2	9,151
Trade and other receivables	86	–	–	–	86
Amounts due from subsidiaries	26,361	1,019	–	–	27,380
Investment securities	12,605	–	1,959	1,225	15,789
	47,896	1,324	1,959	1,227	52,406
Financial liabilities					
Trade and other payables	(2,311)	–	–	–	(2,311)
Amounts due to subsidiaries	(2,108)	–	–	–	(2,108)
Derivative financial instruments	(95)	–	(56)	–	(151)
	(4,514)	–	(56)	–	(4,570)
Net financial assets	43,382	1,324	1,903	1,227	47,836

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

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

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, United States dollar and Philippines peso 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 and available-for-sale equity instruments.

If the relevant foreign currency weakens by 5% (2016: 5%) against the functional currency of the respective Group entities, profit before tax and equity will decrease by:

	Group			
	2017		2016	
	Profit before tax	Equity	Profit before tax	Equity
	US$'000	US$'000	US$'000	US$'000
United States dollar	51	–	4	–
Singapore dollar	628	260	1,503	244
Australian dollar	1,199	159	696	169
Hong Kong dollar	253	–	300	–
Philippine peso	26	360	–	284

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 remain constant.

(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% (2016: 1%) higher/lower with all other variables held constant, the Group's profit before tax would have increased/decreased by approximately US$391,000 (2016: US$170,000).

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

(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, and a loan to an associate that is due on completion of sales of development property.

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.

	Group and Company	
	2017	**2016**
	US$'000	US$'000
Within 1 year		
Financial guarantees	15,147	14,851

(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, derivatives and cash and short term deposits by dealing exclusively with high credit rating, reputable financial institutions.

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 Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, represents the Group's and the 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 22.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

34. 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 2017 and 2016.

35. 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:

(a) The investment segment relates to investment holding and trading, group level corporate and treasury activities;

(b) 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

(c) The property segment comprises property development, investment in properties and investment in property related entities.

The vessel management segment ceased operations during the financial year and its results were aggregated into the investment segment for the financial years ended 30 June 2017 and 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

35. Segment information (cont'd)

	Investment	Electronics manufacturing services	Property	Elimination	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
2017					
Revenue					
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
Results					
Finance costs	(209)	–	–	–	(209)
Depreciation/amortisation expense	(139)	(2,750)	–	–	(2,889)
Loss on dilution of investment interests in an associate	–	–	(1,395)	–	(1,395)
Share of results of associates	–	–	193	–	193
Segment profit	954	10,777	8,703	–	20,434
Assets					
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
2016					
Revenue					
External sales	4,573	180,091	53,844	–	238,508
Inter-segment sales	8,230	140	–	(8,370)	–
Total revenue	12,803	180,231	53,844	(8,370)	238,508
Results					
Finance costs	(17)	–	(98)	–	(115)
Depreciation/amortisation expense	(57)	(2,680)	–	–	(2,737)
Reclassification of investment revaluation reserve to profit or loss when an investment became associate	6,372	–	–	–	6,372
Share of results of associate	–	–	238	–	238
Segment profit	321	5,647	5,656	–	11,624
Assets					
Associate	–	–	33,230	–	33,230
Additions to plant and equipment	537	7,253	–	–	7,790
Segment assets	120,131	128,543	124,723	–	373,397
Segment liabilities	11,653	43,325	17,746	–	72,724

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

35. Segment information (cont'd)

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.

	Revenue		Non-current assets	
Group	**2017**	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Singapore	20,838	22,152	71,840	47,165
Australia	79,908	54,471	32,535	33,230
ASEAN (excluding Singapore)	3,732	4,752	4,306	4,712
People's Republic of China	17,090	18,115	1,511	1,707
United States of America	108,846	95,732	1	1
Europe	47,075	37,492	–	–
Others	5,700	5,794	–	–
	283,189	238,508	110,193	86,815

Information about major customers - electronics manufacturing services

In relation to the electronics manufacturing services revenue of US$196,802,000 (2016: US$176,108,000), sale of goods to three major customers contributed a total revenue of approximately US$72,530,000 (2016: US$63,732,000) during the financial year.

36. Contingent liabilities

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Guarantees	15,147	14,851	15,147	14,851

The Company has provided corporate guarantees for borrowings of its subsidiary and a subsidiary company of its associate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

37. 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	
	2017	**2016**
	US$'000	US$'000
Minimum lease payments under operating lease recognised as an expense in profit or loss	1,116	2,267

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$'000	US$'000	US$'000	US$'000
Not later than 1 year	455	1,144	134	137
Later than 1 year but not later than 5 years	1,232	1,723	–	137
Later than 5 years	3,964	5,213	–	–
	5,651	8,080	134	274

As lessor

The Group has entered into operating lease agreements on its investment properties and leasehold properties. These non-cancellable leases have remaining lease terms of between one to three years.

	Group	
	2017	**2016**
	US$'000	US$'000
Rental income for the year included in profit or loss	2,413	3,705

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

37. Commitments (cont'd)

Operating lease commitments (cont'd)

As lessor (cont'd)

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

	Group	
	2017	**2016**
	US$'000	US$'000
Not later than 1 year	891	2,237
Later than 1 year but not later than 5 years	375	1,089
Total	1,266	3,326

38. Approval of the financial statements

The financial statements of the Group for the financial year ended 30 June 2017 were approved and authorised for issue by the board of directors on 7 September 2017.

STATISTICS OF SHAREHOLDINGS
AS AT 8 SEPTEMBER 2017

Share Capital

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 of Treasury Shares	:	0
Number of Subsidiary Holdings	:	0

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	6	0.06	174	0.00
100 - 1,000	183	1.98	161,483	0.02
1,001 - 10,000	4,607	49.72	31,898,301	3.44
10,001 - 1,000,000	4,434	47.86	241,118,502	25.97
1,000,001 and above	35	0.38	655,094,390	70.57
Total	**9,265**	**100.00**	**928,272,850**	**100.00**

Twenty Largest Shareholders

	Name of Shareholder	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	504,138,590	54.31
2	DBS NOMINEES PTE LTD	25,023,400	2.70
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	19,403,100	2.09
4	PEH KWEE CHIM	19,379,000	2.09
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	16,219,200	1.75
6	OCBC NOMINEES SINGAPORE PTE LTD	7,618,000	0.82
7	MORPH INVESTMENTS LTD	5,330,200	0.57
8	LIM MENG KONG	3,824,500	0.41
9	TEO CHENG TUAN DONALD	3,689,800	0.40
10	RAFFLES NOMINEES (PTE) LTD	3,268,900	0.35
11	LEONG HEIN HAK	3,250,000	0.35
12	NG THIN ONN TONY	3,000,000	0.32
13	BOH YUN MEI	2,600,000	0.28
14	UOB KAY HIAN PTE LTD	2,497,100	0.27
15	PHILLIP SECURITIES PTE LTD	2,469,700	0.27
16	SEE BENG LIAN JANICE	2,427,100	0.26
17	LEW WING KIT	2,261,100	0.24
18	SEAH KIOK LENG	2,210,000	0.24
19	LOA SZE PIN	2,150,000	0.23
20	TAN LAI MENG	2,008,000	0.22
	Total:	**632,767,690**	**68.17**

STATISTICS OF SHAREHOLDINGS
AS AT 8 SEPTEMBER 2017

Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
3P Pte Ltd	478,264,490	51.52[(a)&(b)]	–	–
Peh Kwee Chim	19,379,000	2.09	478,264,490	51.52[(c)]
Qing Shan Pte Ltd	–	–	478,264,490	51.52[(b)]
TMF (Cayman) Ltd	–	–	478,264,490	51.52[(b)]
Peh Siong Woon Terence	–	–	478,264,490	51.52[(d)]
Beamsbury Limited	–	–	478,264,490	51.52[(e)]

Notes:

(a) Held in the name of its nominee, Citibank Nominees Singapore Pte Ltd.

(b) 3P Pte Ltd is a wholly-owned subsidiary of Qing Shan Pte Ltd, which is in turn entirely held by TMF (Cayman) Ltd as trustee of a trust constituted by Mr Peh Kwee Chim ("Trust").

(c) 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.

(d) 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.

(e) Beamsbury Limited was appointed by TMF (Cayman) Ltd as its nominee corporate director and sole director of Qing Shan Pte Ltd, to manage, control the operations of and determine the policy with respect to Qing Shan Pte Ltd.

Shareholdings held by Public

Based on information available to the Company as at 8 September 2017, 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-Seventh Annual General Meeting of Chuan Hup Holdings Limited ("the Company") will be held at the Multi-Purpose Room, 2nd Floor, 35 Pioneer Road North, Singapore 628475 on Thursday, 19 October 2017 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 2017 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 and a special tax exempt one-tier dividend of 2 SG cents per ordinary share for the financial year ended 30 June 2017.	Ordinary Resolution 2
3.	To re-elect Mr Lo Pang Foo Steven who is retiring under Regulation 80 of the Company's Constitution and who, being eligible, offers himself for re-election.	Ordinary Resolution 3
4.	To re-elect Mr Peh Kwee Chim 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 Mdm Joanna Young Sau Kwan who is retiring by rotation under Regulation 85 of the Company's Constitution and who, being eligible, offers herself for re-election.	Ordinary Resolution 5
6.	To approve the sum of SGD198,000 to be paid to Non-Executive Directors as Directors' fees for the financial year ended 30 June 2017 (FY 2016: SGD180,000).	Ordinary Resolution 6
7.	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:

8. 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, 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;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the 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.

9. To transact such other business which can be transacted at the Annual General Meeting of the Company. Ordinary Resolution 9

NOTICE IS ALSO HEREBY GIVEN that, subject to the approval of shareholders to the final and special dividends being obtained at the Forty-Seventh Annual General Meeting to be held on 19 October 2017, the Transfer Books and the Register of Members of the Company will be closed on 7 November 2017 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 6 November 2017, will be registered to determine shareholders' entitlements to the proposed final and special dividends. 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 6 November 2017, will be entitled to the proposed final and special dividends.

The final and special dividends, if approved by shareholders at the Annual General Meeting, will be paid on 17 November 2017.

By Order of the Board

Valerie Tan May Wei
Company Secretary
3 October 2017

NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS

Explanatory Notes

1. In relation to Ordinary Resolution 3, Mr Lo Pang Foo Steven, will upon re-election, continue to serve as the Chairman of the Board, the Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee. Mr Lo is considered an independent director. Please refer to the section on Board of Directors in the Annual Report for further details on Mr Lo.

2. In relation to Ordinary Resolution 4, Mr Peh Kwee Chim, will upon re-election, continue to serve as a member of the Nominating Committee. Mr Peh 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.

3. In relation to Ordinary Resolution 5, Mdm Joanna Young Sau Kwan, will upon re-election, continue to serve as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Mdm Young is considered an independent director. Please refer to the section on Board of Directors in the Annual Report for further details on Mdm Young.

4. **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, 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, 19 October 2017. The bus will leave for Chuan Hup Holdings Limited at 1.15 p.m. sharp on that day.

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CHUAN HUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 197000572R)

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 monies to buy shares in the capital of Chuan Hup Holdings Limited ("Shares"), the Annual Report 2017 is forwarded to them at the request of their 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 Agent Bank/SRS Operator so that his Agent Bank/SRS Operator may appoint him as its proxy within the specified time frame. (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 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 3 October 2017.

ANNUAL GENERAL MEETING PROXY FORM

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	Address	NRIC/Passport No.	Proportion of Shareholdings (Ordinary Shares)	
			No. of Shares	%

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Forty-Seventh 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, 2nd Floor, 35 Pioneer Road North, Singapore 628475 on Thursday, 19 October 2017 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 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 and Special Dividends		
3.	Re-election of Mr Lo Pang Foo Steven as Director		
4.	Re-election of Mr Peh Kwee Chim as Director		
5.	Re-election of Mdm Joanna Young Sau Kwan as Director		
6.	Approval of Directors' Fees		
7.	Re-appointment of Ernst & Young LLP as Auditor		

SPECIAL BUSINESS

No.	Ordinary Resolution	No. of Votes For*	No. of Votes Against*
8.	Issue of additional shares and convertible instruments		

*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.

Total Number of Shares held:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Dated this ________ day of __________ 2017

____

Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read notes on the reverse side

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CH

Please
Affix
Postage
Stamp

The Company Secretary
CHUAN HUP HOLDINGS LIMITED
35 Pioneer Road North
Singapore 628475

1st fold 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, an 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. Where a proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney 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. 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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Chuan Hup Holdings Limited
(Co. Reg. No. 197000572R)

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Singapore 628475
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