



DELIVERING
PRECISION & INNOVATIVE
SOLUTIONS

CHOSEN

ANNUAL REPORT 2015

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FINANCIAL CALENDAR

2015

30 June 2015

Financial year end

12 February 2015

Announcement of FY 2015 mid-year results

20 August 2015

Announcement of FY 2015 full year results

25 September 2015

Despatch of Annual Report to shareholders

16 October 2015

Annual General Meeting

FY 2015 proposed first and final dividend

3 November 2015

Book closure date

16 November 2015

Payment date

2016

30 June 2016

Financial year end

February 2016

Announcement of FY 2016 mid-year results

August 2016

Announcement of FY 2016 full year results

CORPORATE PROFILE

Founded in 1986, **CHOSEN** offers integrated manufacturing solutions consisting of product design & development, mould design & fabrication, precision plastic injection moulding & secondary processes, modular assembly, PCB assembly and final product assembly services. Our customers are some of the world's product leaders in the printing and imaging, hard disk media, automotive, medical devices, retail solutions and communication equipment industries.

Our advanced manufacturing facilities are located in Singapore, Malaysia, Thailand and the People's Republic of China (Dongguan, Shanghai and Wuxi).

Chosen Holdings Limited has been listed on the Main Board of the Singapore Exchange since February 1999.

MISSION

To be chosen by our customers as a value-added partner for the supply of innovative engineering solutions.

SHARED VALUES



Customers First

We put our customers first in everything we do.



Achievement of Excellence

We strive for excellence in whatever we do.



Delivering Innovative Products, Services and Solutions

We build value-added partnerships with customers through delivering innovative products, services and solutions.



Trust and Respect for Individuals

We work together to create a culture of inclusion build on trust, respect and dignity for all.



Results through Teamwork

Each person's contribution is critical to our success.



Uncompromising Integrity

We are open, honest and direct in all our dealings.

CORPORATIVE OBJECTIVES



Customer Loyalty

We build value-added partnerships with customers by consistently providing innovative products, services and solutions of the highest quality and value.

Profit

We achieve sufficient profit to finance growth, create value for our shareholders and achieve our other corporate objectives.

Growth

We recognize and seize opportunities for growth that build upon our strengths and competencies.

Market Differentiation

We differentiate ourselves by delivering innovative products, services and solutions.

Commitment to Employees

We demonstrate our commitment to employees by promoting and rewarding them based on performance and by creating a work environment that reflects our values.

Leadership Capability

We develop leaders at all levels who achieve business results, exemplify our values and lead us to grow and win.

Global Citizenship

We fulfill our responsibility to society by being an economic, intellectual, environmentally responsible and social asset to each country and community where we do business. We comply with relevant legislative and regulatory requirements.

CHOSEN MODEL

CHOSEN's strength in both precision moulding and enclosure moulding of products of the highest complexity and our in-depth knowledge of advanced plastic applications sets us apart from the rest of the players in the industry.

Product Design & Development	Mould Design & Fabrication	Precision Plastic Injection Moulding	Secondary Processes
Our product design and development team is involved in customers' projects right from product conceptualization. We are able to provide valuable input in terms of manufacturability at the product development stage thereby reducing time to market of customers' new products.	Our tool fabrication units are equipped with state-of-the-art high speed precision machines capable of fabricating precision multi-cavity hot and cold runner moulds at short lead times. Moulds designed and produced by us ranges from intricate precision moulds of 20 machine tonnage to enclosure moulds of up to 650 machine tonnage.	We provide conventional moulding, insert moulding, outsert moulding, vertical moulding, multicomponent moulding and controlled environment moulding for a wide range of products across various product segments. Our team is highly experienced in managing the moulding of plastics to enhance the physical properties and its precision.	We offer value-added secondary processes like spray-painting, tempo printing, silkscreening, EMI shielding, automated pin insertion, decorative finishing and ultrasonic welding as part of our integrated turnkey manufacturing service.

Modular Assembly	PCB Assembly	Final Product Assembly
Our manufacturing plants have extensive experience in both automated and manual modular assembly operations as well as controlled environment assembly.	We offer printed circuit board assemblies (PCBA) of multilayer boards to our customers in a secured environment to protect the customers' intellectual property confidentiality.	We offer full turnkey manufacturing services including complete box build and complex test acceptance services to our customers.

LETTER TO SHAREHOLDERS

Dear Shareholders

On behalf of the Board, we are pleased to present to you the annual report of the Group for FY 2015.

Group revenue for FY 2015 was \$117.2M, a marginal decrease from the previous year's \$117.8M. Increase in demand for the Singapore and Malaysia operations' appliance motor, commercial equipment, medical devices, data media storage and commercial equipment products contributed to revenue growth. This was offset by reduction in revenue for the Thailand and China operations due to lower orders for its communication, automotive, retail solution and printing and imaging products. The Group ended the year with net profit attributable to shareholders of \$3.9M, an increase of

15% from \$3.4M in the previous year due mainly to sale of higher value-added products by the Singapore and Malaysia operations.

There was a steady growth of orders for the Singapore operation's appliance motors, commercial large printers and medical devices as new programs were progressively released for mass production. Demand for data media storage products also picked up resulting from market growth of high capacity disk drives.

Orders for the Malaysia operation's transportation machinery and industrial sensor products continued to increase during the year negating the flat orders for its



Aloysius Lim Cher Kia (Right)
Chairman

Chow Kok Hwee (Left)
Chief Executive Officer

LETTER TO SHAREHOLDERS

traditional printing and imaging and communication products. The operation will continue to expand its customer base and widen its product mix offering.

The Group's strategy to leverage on its strength in specialized material application, design and process development to build more sophisticated and cost effective products has produced encouraging results. This manifested in healthy growth of the Singapore and Malaysia operations over the last two years. During the year, an innovation and engineering team was set up to spearhead development projects.

Building renovations and equipment installations at our Chonburi plant are already completed and will complement our first Thailand plant at Ayutthaya. This plant is expected to contribute to the Group in future years.

The China operations recorded lower revenue for its automotive, retail solution and printing and imaging products due to weak demand for its customers' products. Printing and imaging, retail solution and automotive products will continue to contribute to revenue in the current year. Several new programs are currently being launched.

In view of the higher profitability, healthy balance sheet, positive cash flow from operating activities and after taking into account capital expenditure requirements, the Board is recommending a first and final tax exempt one-tier dividend of 0.83 cents per share, an increase compared to 0.72 cents in the previous financial year.

For FY 2016, we are mindful that challenges including the possible effects from the slow growth and volatile global economy, fluctuations in exchange rates, increase

in operating costs and competitive price pressures, will affect the Group's business and profitability. We will remain focused on our core competence to provide our customers with precision engineering products and innovative solutions for long term market growth and business sustainability.

On behalf of the Board, we would like to express our appreciation to all our shareholders, customers, bankers, business associates and suppliers for their continuing support. We would also like to thank the management and staff for their continued commitment and hard work and our fellow Directors for their guidance and advice.

Aloysius Lim Cher Kia
Chairman

Chow Kok Hwee
Chief Executive Officer

20 August 2015

GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS AND ANALYSIS

	2011	2012	2013	2014	2015
Operating Results					
Revenue (\$'000)	87,065	99,402	100,504	117,809	117,242
EBITDA (\$'000)	5,527	7,430	6,716	9,757	10,172
Profit before tax (\$'000)	70	1,777	1,163	4,524	5,202
Profit after tax (\$'000)	284	1,427	1,175	3,196	3,740
Earnings per share (cents)	0.05	0.41	0.43	1.18	1.37
Financial Position					
Property, plant and equipment (\$'000)	36,377	34,940	32,210	30,947	32,686
Other assets (\$'000)	2,494	3,483	3,362	3,106	5,347
Current assets (\$'000)	54,111	60,704	61,524	62,304	64,955
Total assets (\$'000)	92,982	99,127	97,096	96,357	102,988
Current liabilities (\$'000)	23,963	30,869	29,940	29,117	34,956
Non-current liabilities (\$'000)	1,726	1,734	1,087	1,061	1,095
Net assets	67,293	66,524	66,069	66,179	66,937
Non-controlling interests (\$'000)	(186)	(381)	(316)	(126)	18
Shareholders' equity (\$'000)	67,107	66,143	65,753	66,053	66,955
Return on average shareholders' equity (%)	0.21	1.76	1.88	5.14	5.84
Net tangible assets per share (cents)	23.39	23.05	22.91	23.11	23.77
Distribution to Shareholders					
Dividend (\$'000)	1,894	1,894	1,894	2,058	2,338
Gross dividend per share (cents)	0.66	0.66	0.66	0.72	0.83
Dividend payout ratio (%)	1,315%	162%	153%	61%	60%
Liquidity and Capital Resources					
Cash and bank balances (\$'000)	19,729	17,576	18,354	18,637	21,303
Borrowings (\$'000)	5,541	7,598	7,500	6,108	7,124
Net cash (\$'000)	14,188	9,978	10,854	12,529	14,179
Debt equity ratio (times)	0.08	0.11	0.11	0.09	0.11
Current ratio (times)	2.26	1.97	2.05	2.14	1.86
Capital expenditure (\$'000)					
Plant & machinery	3,373	3,781	2,306	1,312	3,085
Production tools	1,037	1,265	–	–	–
Others	1,976	1,272	392	2,999	4,636
	6,386	6,318	2,698	4,311	7,721
Productivity					
Revenue per employee (\$'000)	88	88	93	100	105

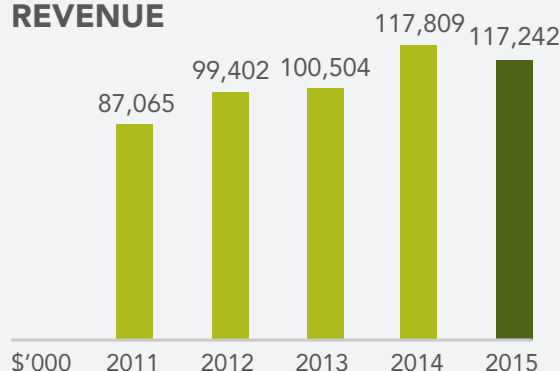
GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS AND ANALYSIS

- Revenue increased in FY 2012 due to higher demand in all plants except the Thailand operation which was affected by flood. In FY 2013, revenue increased marginally due to strong orders for the Thailand operation's communication products and the China operation's automotive and printing and imaging products. Revenue for FY 2014 increased due mainly to higher demand for motors, communication, printing and imaging and retail solution products of the Singapore, Thailand and China operations. In FY 2015, increase in demand for the Singapore and Malaysia operations' appliance motor, commercial equipment, medical devices, data media storage and commercial equipment products was more than offset by reduction in revenue for the Thailand and China operations due to lower orders for its communication, automotive, retail solution and printing and imaging products.

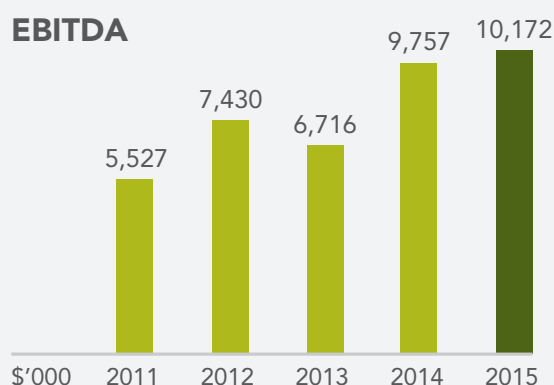
Earnings before interest, tax, depreciation and amortisation ("EBITDA") reduced in FY 2013 in line with the lower profit after tax but increased in FY 2012, FY 2014 and FY 2015 as a result of the higher profit after tax.

Higher revenue from Singapore and China operations more than offset the lower profitability from the Malaysian operation which was affected by high testing costs on new products in FY 2012. In FY 2013, the higher profitability from the China and Thailand operations was partly offset by losses suffered by the Singapore operation due to weak orders for its higher value-added products resulting in lower profit after tax for the year. The higher profit after tax for FY2014 was due mainly to higher value-added programs launched in Singapore, Malaysia and Thailand. This year, the Group again achieved higher profit after tax due mainly to sale of higher value-added products by the Singapore and Malaysia operations.

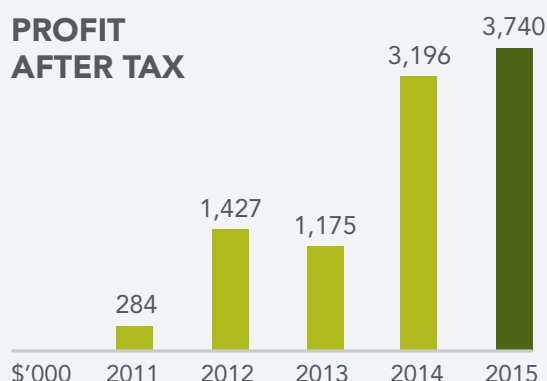
REVENUE



EBITDA



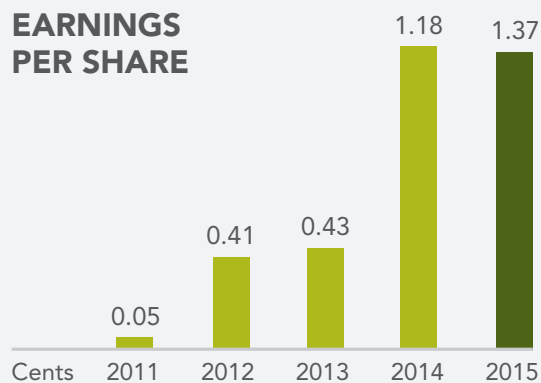
PROFIT AFTER TAX



GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS AND ANALYSIS

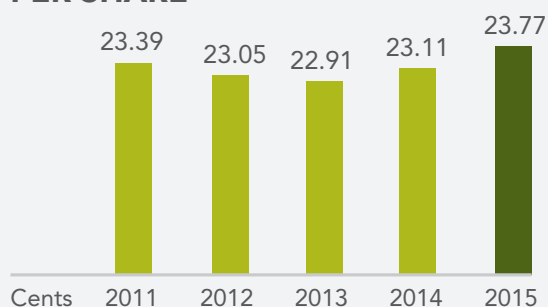
2. The Group's earnings per share has been increasing since 2011. Earnings per share increased this year as a result of higher profit attributable to the owners of the Company after considering non-controlling interests.

EARNINGS PER SHARE



3. Low profit generated and higher dividend payout resulted in the decrease in NTA backing per share in FY 2012 to FY 2013. NTA backing per share increased in FY 2014 and the current year due to the higher profitability.

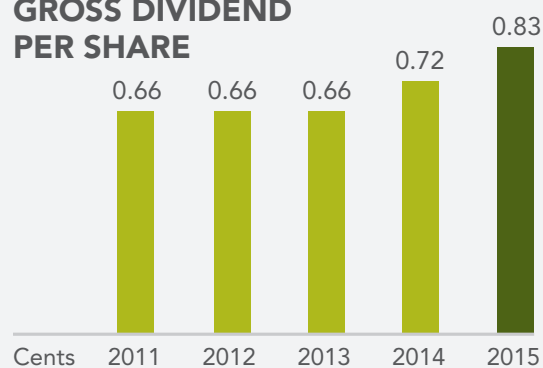
NTA BACKING PER SHARE



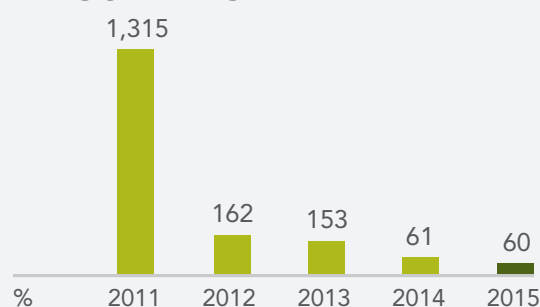
GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS AND ANALYSIS

4. Dividend payout ratio had exceeded 50% since FY 2005. In FY 2011, the dividend payout was high due to the low profit after tax of that year. This year, the Directors are proposing a first and final tax exempt one-tier dividend of 0.83 cents per share, an increase from last year's 0.72 cents, to be approved at the coming Annual General Meeting.

GROSS DIVIDEND PER SHARE

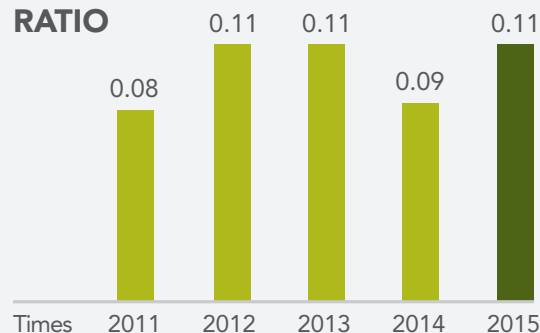


DIVIDEND PAYOUT RATIO

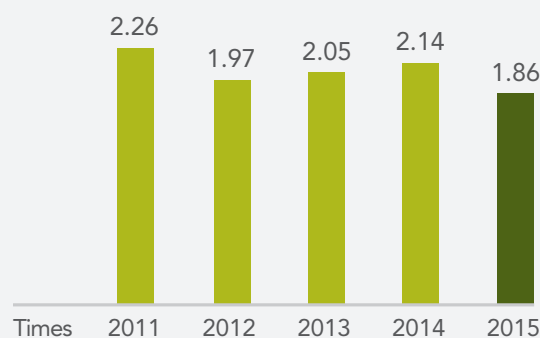


5. The Group believes in maintaining its debt equity ratio at low levels. Current ratio remained at high levels over the years due to prudent working capital management.

DEBT EQUITY RATIO



CURRENT RATIO



GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS AND ANALYSIS

6. Capital expenditure for FY 2011 relates mainly to precision machinery for the Dongguan plant and addition of production tools. The Group's capital expenditure in FY 2012 relates mainly to reinstatement of building and machines in the Thailand plant which was affected by flood in the first half of the year and addition of production tools. The Group's capital expenditure in FY 2013 relates mainly to the addition of machines in

the Thailand plant. In FY 2014, machinery was acquired for replacement purposes. Renovation of the Thailand's Chonburi plant was in progress as at 30 June 2014. This was reflected under the category "Others". In the current year, machinery was acquired for the Singapore and the Chonburi plant. Two industrial properties were acquired in Singapore and one in Chonburi. These were reflected under the category "Others".

CAPITAL EXPENDITURE

	2011	2012	2013	2014	2015
\$'000					
Plant & machinery	3,373	3,781	2,306	1,312	3,085
Production tools	1,037	1,265	–	–	–
Others	1,976	1,272	392	2,999	4,636
	6,386	6,318	2,698	4,311	7,721

7. In FY 2013 and FY 2014, revenue per employee increased due mainly to higher revenue. Revenue per employee increased in FY 2015 due mainly to the sale of higher value-added products in Singapore and Malaysia as well as lower headcount.

REVENUE PER EMPLOYEE



GROUP FIVE-YEAR VALUE-ADDED STATEMENT

(\$'000)	2011		2012		2013		2014		2015	
Revenue	87,065		99,402		100,504		117,809		177,242	
Less: Purchase of goods and services	(60,644)		(75,664)		(71,119)		(83,326)		(80,830)	
Gross value added from operations	26,421		23,738		29,385		34,483		36,421	
Investment income and interest income	70		46		47		58		72	
Exchange gain/(loss)	(873)		(158)		(385)		23		160	
Other operating income	864		3,595		1,096		832		628	
Share of results of associate	(111)		(253)		20		(15)		(12)	
Total value added available for distribution	26,371		26,968		30,163		35,381		37,260	
Distribution:			%		%		%		%	
To employees										
(1) Salaries and other staff costs	16,790	64%	17,578	65%	21,482	71%	23,660	67%	24,964	71%
To government										
(1) Income and property taxes	(149)	(1%)	416	2%	58	0%	1,398	4%	1,536	4%
To providers of capital										
(1) Finance costs	128		272		290		221		194	
(2) Dividened to shareholders	3,989		1,894		1,894		1,894		2,050	
	4,117	16%	2,166	8%	2,184	7%	2,115	6%	2,244	6%
Balance retained in the business for re-investment and furture growth:										
(1) Depreciation and amortisation	5,329		5,381		5,263		5,012		4,776	
(2) Accumulated profits	144		1,172		1,240		3,386		3,884	
(3) Non-controlling interests	140		255		(65)		(190)		(144)	
	5,613	21%	6,808	25%	6,438	21%	8,208	23%	8,516	24%
Non-production costs and incomes:										
(1) Bad debts written off	-		-		1	0%	-		-	
Total distribution	26,371		26,968		30,163		35,381		37,260	
Productivity analysis										
No. of employees	989		1,134		1,075		1,179		1,118	
Value added per employee (\$'000)	27		24		28		30		33	
Value added per employment cost (\$)	1.57		1.53		1.40		1.50		1.49	
Value added per dollar of investment in fixed assests (before depreciation) (\$)	0.29		0.29		0.33		0.39		0.40	
Value added per dollar of revenue (\$)	0.30		0.27		0.30		0.30		0.32	

Total value-added created by the Group increased from \$35M to \$37M in FY 2015.

Payment to employees in the form of salaries and other staff costs had increased over the years due to wage increase. Another 2 to 4% was paid to government in the form of income and property taxes with the exception of FY 2011 when the Group had an income tax credit due mainly to recognition of deferred tax asset from unutilized tax incentives in the Singapore operations and losses in the China operations and FY 2013 when the Group had an income tax credit due mainly to recognition of deferred tax on unutilized losses in the Singapore operation. The amount paid to providers of capital was in the range of 6% to 8% with the exception of FY 2011 due to special dividends declared in FY 2010 as a result of higher cash held. The balance retained in the business will be used for re-investment and future growth.

BOARD OF DIRECTORS



ALOYSIUS LIM CHER KIA
Executive Chairman

Mr Lim is the Group's founding shareholder. He has been the executive director of the Company since its incorporation on 4 September 1998. Mr Lim holds a Diploma in Mechanical Engineering and a Diploma in Industrial Management from the Singapore Polytechnic. He is a member of the Singapore Institute of Directors. Mr Lim was one of the finalists of the 1998 Rotary-ASME Entrepreneur of the Year Award. He is a patron of the Potong Pasir Citizens' Consultative Committee and the Chairman of Pei Cai Secondary School Advisory Committee. Mr Lim has more than 30 years experience in the plastic injection moulding industry, including having worked for General Electric for approximately 10 years before establishing Chosen in 1986.



CHOW KOK HWEЕ
Chief Executive Officer

Mr Chow has been an executive director of the Company since 26 October 1998. He was last re-elected on 28 October 2013. Mr Chow graduated with a Diploma in Chemical Process Technology in 1975 from the Singapore Polytechnic where he was awarded the Olivetti prize for overall best performer. In 1992, he went on to complete and graduated with an Advanced Diploma in Manufacturing Automation Technology from the Ngee Ann Polytechnic. Mr Chow is a member of the Singapore Institute of Directors. Mr Chow has more than 30 years of industrial working experience. He worked in several multinationals including Philips and General Electric before joining Chosen in 1991. Mr Chow took over the role of Chief Executive Officer of the Group from Mr Aloysius Lim in 2011.



SOONG WEE CHOO
Executive Director and
Chief Financial Officer

Ms Soong joined the Group in 1998. She was last re-elected on 28 October 2013. She holds a Bachelor of Accountancy degree from the National University of Singapore. She was an Audit Manager with KPMG before joining a local listed group as a Finance Manager in 1996. Ms Soong is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants. She is also a member of the Singapore Institute of Directors. Ms Soong is responsible for the financial functions, corporate affairs and the management of the operations of the Group. She is also the Joint Company Secretary of the Company.



CHEW HENG CHING
Independent Director

Mr Chew has been an independent director of the Company since 8 February 1999. He was last re-elected on 28 October 2014. Mr Chew is a graduate, under a Colombo Plan Scholarship, in Industrial Engineering (First Class Honours) and Economics and is a university gold medalist from the University of Newcastle, Australia. He also holds an honorary Doctorate in Engineering from the same university. Mr Chew has more than 30 years of senior management experience in the public and private sectors. He is also a director of various other listed companies. He is the Founding President of the Singapore Institute of Directors and past Chairman of its Governing Council. He was also a Board member and past Chairman of the Singapore International Chamber of Commerce. He was a member of both the Corporate Governance Committee and the Council on Corporate Disclosure and Governance. Mr Chew was a former Member of Parliament and Deputy Speaker of the Singapore Parliament. He is a Fellow of the Singapore Institute of Directors and CPA Australia.

BOARD OF DIRECTORS



CHOW KOK KEE
Independent Director

Mr Chow has been an independent director of the Company since 8 February 1999. He was last re-elected on 28 October 2014. He graduated from the University of Newcastle, Australia with Bachelor of Commerce and Bachelor of Engineering (First Class Honours) degrees under a Colombo Plan Scholarship. He also holds a MBA degree from the National University of Singapore. Mr Chow is the Managing Director of ACTA Investment & Services Pte Ltd which provides business and financial related services to companies. He worked in the government administrative service for 6 years from 1976, holding management positions in the Ministries of Defence and Education, before joining DBS Bank in 1982. He has 15 years of extensive experience in the financial services industry. Mr Chow is a Member of the Institute of Engineers, Australia, an Associate of the Institute of Chartered Secretaries and Administrators, United Kingdom and a Fellow of the Singapore Institute of Directors.



HENRY TAN SONG KOK
Independent Director

Mr Tan has been an independent director of the Company since 8 February 1999. He was last re-elected on 29 October 2012. Mr Tan is the Managing Director of Nexia TS Pte Ltd and Nexia TS Public Accounting Corporation, a firm of Certified Public Accountants. He was the Asia Pacific Chairman and Director of Nexia International for more than 10 years. He is also a director in several listed and non-listed companies. Mr Tan graduated with a First Class Honours degree in Bachelor of Accountancy from National University of Singapore. He is a member of the Institute of Singapore Chartered Accountants, Institute of Chartered Accountants in Australia, Institute of Internal Auditors, Inc. (Singapore Chapter) and Singapore Institute of Directors.

The Directors' present directorships, other than those held in the Company, as at 30 June 2015 and the preceding three years in other listed companies are as follows:-

Name	Present Directorship	Past Directorship
Aloysius Lim Cher Kia	–	–
Chow Kok Hwee	–	–
Soong Wee Choo	–	–
Chew Heng Ching	Ausgroup Ltd Bonvests Holdings Ltd Huan Hsin Holdings Ltd Pharmesis International Ltd Sinopipe Holdings Limited Spindex Industries Limited Stratech Group Ltd	LMA International N.V. Lee Kim Tah Hldgs Limited
Chow Kok Kee	M1 Ltd Tuan Sing Holdings Limited Valuetronics Holdings Limited	Innovalues Limited Meiban Group Ltd
Henry Tan Song Kok	Ascendas Funds Management (S) Limited China New Town Development Co. Ltd Raffles Education Corp Limited YHI International Limited	Pertama Holdings Limited

MANAGEMENT TEAM

LIM SONG YONG

Vice President (Operations)

Mr Lim joined one of the Group's Singapore subsidiary in 2004 with more than 10 years experience in the industry, supporting mainly the hard disk drive, telecommunication and printing and imaging sectors. Mr Lim holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic and a MBA (Strategic Marketing) from the University of Hull, United Kingdom. He has been the General Manager (Operations) of the Group's subsidiaries, Chosen Technologies Pte Ltd, Chosen Dzios Pte Ltd and the Group's Chosen Innovation Centre in Singapore. He was appointed as Vice President in 2011.

TAY SAY KIAT

Senior General Manager (Operations)

Mr Tay joined the Group in 1994 and was the General Manager of Chosen Plastic Sdn. Bhd. till 2003 when he set up the Group's enclosure moulding operations under Chosen Manufacturing Sdn. Bhd. He currently oversees the operation of both the Malaysia plants of the Group. Prior to joining the Group, Mr Tay has more than 8 years industrial working experience in the plastic injection moulding industry. He was appointed as Senior General Manager (Operations) in September 2007.

PUAH SIANG KWANG

General Manager (Operations)

Mr Puah joined the Group in 2002 as an Operations Manager. He is currently the General Manager of the Group's Thailand operation. Mr Puah holds a Grade 2 National Trade Certificate. Mr Puah joined the Group with more than 10 years industrial experience, particularly in the plastics industry, with wide exposure in engineering and operations in Singapore, Malaysia and Thailand.

HOO LIANG HOCK

General Manager (Operations)

Mr Hoo joined the Group in 2006. He is currently the General Manager responsible for the Group's Shanghai and Wuxi operations. Mr Hoo holds a Diploma in Business Efficiency & Productivity. Prior to joining the Group, Mr Hoo had worked with several multinationals including Hewlett-Packard, Seagate and Wyeth Nutritionals. Mr Hoo joined the Group with more than 17 years experience in manufacturing processes of which, more than 12 years were with multinational companies.

SINCLAIR BATEMAN

General Manager (Business Development)

Mr Bateman joined the Group in 2010 with more than 10 years experience in product design and development, applications development and marketing. He holds a Bachelor of Engineering (Honours) in Mechanical Engineering from the Coventry University, UK and a Master of Science in Computer Integrated Manufacturing from the Nanyang Technological University, Singapore. Prior to joining the Group, Mr Bateman had worked with several multinationals including Aiwa, Matsushita and GE.

GROUP STRUCTURE

Chosen Holdings Limited



STRATEGIC DIRECTION

Our focus is on executing our short and long term plans to increase our competitive advantage. Our approach is to focus on innovation and technology and to drive long term sustainability and shareholders value.

Focus on innovation and technology

The Singapore operation distinguishes itself through innovation and technology. We will extend this focus from Singapore to our overseas units to build the Group into a niche electronic manufacturing service player.

Drive long term sustainability and shareholders value

We will emphasis on driving long term sustainability and shareholders value through:

Products

We are constantly finding new ways to apply our core competencies to create and build better products for our customers. We will leverage on the Singapore operation's success to build up research and development capabilities of our overseas units to become known as a product innovation and technology driven Group.

Risk Management

We will continue to strengthen our risk management framework to manage enterprise-wide risks to mitigate and respond swiftly to risks that the Group face. We will also focus on maintaining a strong balance sheet.

The Group will strive to achieve high standards of corporate governance.

Shareholders

We will focus on driving long term sustainability and increase returns to shareholders.

Employees

To stay competitive, we continue to invest in continuous training and development programs for our employees. We encourage employees to innovate and bring their business acumen to the projects that we initiate.

OPERATING FINANCIAL REVIEW

SELECTED PROFIT & LOSS DATA

	2015 \$'000	2014 \$'000	Change %
Revenue			
- Singapore	50,715	36,418	39.3
- Malaysia	19,208	17,458	10.0
- Thailand	11,666	18,079	(35.5)
- China	35,653	45,854	(22.3)
Total revenue	117,242	117,809	(0.5)
Cost of sales	(107,796)	(109,257)	(1.3)
Gross profit	9,446	8,552	10.5
Other income	860	913	(5.8)
Distribution expenses	(618)	(697)	(11.3)
Administrative expenses	(3,567)	(3,680)	(3.1)
Other expenses	(713)	(328)	117.4
Finance costs	(194)	(221)	(12.2)
Share of results of associate, net of income tax	(12)	(15)	(20.0)
Profit before tax	5,202	4,524	15.0
Income tax expense	(1,462)	(1,328)	10.1
Profit for the year	3,740	3,196	17.0

Revenue

Revenue from the Singapore operation increased due mainly to increase in demand for appliance motor, commercial equipment, medical devices and data media storage products. The Malaysia operation registered higher revenue due mainly to higher orders for commercial equipment products. Lower orders for the Thailand operation's communication products and the China operation's automotive, retail solution and printing and imaging products more than offset the increase in revenue from the Singapore and Malaysia operations resulting in the overall decrease in Group revenue.

Gross Profit

Gross margin had improved from 7.3% to 8.1% due mainly to sale of higher value-added products by the Singapore and Malaysia operations.

Other income

The decrease in other income was due mainly to lower sale of scrap materials offset by higher exchange gain and government grants received in the current year.

Distribution expenses

Distribution expenses decreased due mainly to lower overseas sales.

Other expenses

Other expenses increased due mainly to higher property, plant and equipment written off.

Finance costs

The decrease in finance cost was due mainly to lower bank borrowings during the year.

Income tax expense

Income tax expense increased in line with the higher profit.

OPERATING FINANCIAL REVIEW

BREAKDOWN OF COST AND EXPENSES	2015 \$'000	2014 \$'000	Change %
Material	64,138	65,943	(2.7)
Staff costs:			
- Directors' remuneration	2,291	1,923	19.1
- Salaries and other staff costs	20,494	19,841	3.3
- Contributions to defined contribution plans	2,433	2,085	16.7
Total staff costs	25,218	23,849	5.7
Factory maintenance costs:			
- Depreciation	4,417	4,653	(5.1)
- Amortisation of intangible assets	359	359	-
- Operating lease expenses	1,919	1,750	9.7
- Utilities, upkeep and maintenance	8,006	8,908	(10.1)
Total factory maintenance costs	14,701	15,670	(6.2)
Casual labour	3,639	4,624	(21.3)
Finance costs	194	221	(12.2)
Other costs (included in cost of sales, distribution expenses and administrative expenses) of which amounts are not individually significant	4,285	3,548	20.8
Total operating expenses	112,175	113,855	(1.5)

Overall costs decreased by 1.5% over that of the previous financial year due to the lower revenue.

The overall increase in staff costs was partly offset by the reduction in casual labour.

HALF YEARLY RESULTS	First Half \$'000	First Half %	Second Half \$'000	Second Half %	Total \$'000
Revenue					
2015	58,560	50	58,682	50	117,242
2014	61,911	53	55,898	47	117,809
Profit after tax					
2015	2,670	71	1,070	29	3,740
2014	2,368	74	828	26	3,196
Earnings per share (cents)					
2015	0.96	70	0.41	30	1.37
2014	0.84	71	0.34	29	1.18

Margins for the Group reduced in the second half of the year due mainly to the lower revenue of the Thailand operations as well as fixed assets written-off.

OPERATING FINANCIAL REVIEW

SELECTED BALANCE SHEET DATA	2015 \$'000	2014 \$'000	Change %
Property, plant and equipment	32,686	30,947	5.6
Associate	-	206	nm
Intangible assets	502	861	(41.7)
Other long-term assets	4,186	1,302	221.5
Inventories	13,005	13,674	(4.9)
Trade and other receivables	30,491	29,855	2.1
Cash and cash equivalents	21,303	18,637	14.3
Other assets	815	1,200	(32.1)
Total assets	102,988	96,357	6.9
Trade and other payables	(27,570)	(22,584)	22.1
Interest-bearing bank loans	(7,124)	(6,108)	16.6
Other liabilities	(1,357)	(1,486)	(8.7)
Total equity	66,937	66,179	1.1
Non-controlling interests	18	(126)	(114.3)
Shareholders' equity	66,955	66,053	1.4

nm: Not meaningful

Property, plant and equipment increased due mainly to the acquisition of industrial properties and machineries in Singapore and Thailand which more than offset depreciation charges.

The Group had disposed its interest in an Associate during the year.

Intangible assets decreased due mainly to amortization.

Other long-term assets increased due mainly to the progress payment for industrial property in Chonburi, Thailand.

Trade and other payables increased due mainly to the outstanding payment for the acquisition and renovation of industrial property in Thailand.

Interest bearing bank loans increased due mainly to drawdown of bank loans for the acquisition of industrial properties.

Investment

There were no major equity investments made by the Group during the financial year. The Group disposed its equity interest in Gashub Technology Pte Ltd during the financial year.

Accounting Policies

The Group's significant accounting policies are presented in Note 2 to the Notes to the Financial Report. The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the previous financial year ended 30 June 2014.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW STATEMENT

	2015 \$'000	2014 \$'000
Cash flows from operating activities	11,996	8,122
Cash flows from investing activities	(6,180)	(3,716)
Cash flows from financing activities	(2,462)	(3,754)
Net decrease in cash and cash equivalents	3,354	652
Cash and cash equivalents at beginning of the year	18,436	18,164
Effects of exchange rate fluctuation on cash held	(694)	(380)
Cash and cash equivalents at end of the year	21,096	18,436
Fixed deposits pledged to banks for banker guarantees granted to certain subsidiaries	207	201
Cash and bank balances at end of the year	21,303	18,637

In the financial year under review, the Group generated net cash from operating activities before working capital changes of \$11.1M. After deducting cash utilised for working capital purposes and income tax, net cash from operations was \$12.0M compared to \$8.1M in FY2014. This is due mainly to the higher profit as well as lower cash utilized for working capital purposes.

Net cash incurred for investing activities increased due mainly to higher acquisition of property, plant and equipment by the Group.

Net cash incurred for financing activities decreased due mainly to bank borrowings as well as share buybacks.

CASH CONVERSION CYCLE

	2015 \$'000	2014 \$'000
Days of sales outstanding in accounts receivable (DAR)	91	89
Days of supply in inventory (DOI)	44	46
Days of purchases outstanding in accounts payable (DAP)	82	73
Cash conversion cycle	53	62

Days of sales outstanding in accounts receivable ("DAR") measures the average number of days our receivables are outstanding. Days of supply in inventory ("DOI") measures the average number of days from procurement to sale of our products while days of purchases outstanding in accounts payable ("DAP") measures the average number of days our accounts payable balances are outstanding.

Our working capital requirements depend upon our effective management of cash conversion cycle, which represents effectively the number of days that elapse from the day we pay for the purchase of raw materials and production costs to the collection of cash from our customers. The cash conversion cycle is the sum of DAR and DOI less DAP. Overall, cash conversion cycle has shortened in the current year.

LIQUIDITY AND CAPITAL RESOURCES

INDEBTEDNESS	2015 \$'000	2014 \$'000
Short term bank loans (unsecured)	7,124	6,108

The Group maintains debt levels taking into consideration several factors including cash flow expectations, cash requirement for operations, investment plans, geographical location of cash generated by operations and the overall cost of capital.

The unsecured short term loans are revolving bank loans which bear interest at rates ranging from 2.49% to 3.15% (2014: 2% to 3.08%) per annum.

Treasury Policy and Management

The Group's treasury function is managed by the corporate head office.

The corporate treasury's objective is to maintain adequate liquidity to meet operational requirements and to invest the cash and cash equivalents according to guidelines set by the Board. Each operation unit maintains sufficient cash for its daily operational needs. Excess cash is channeled to corporate treasury and managed centrally.

Similarly, the Group's foreign exchange exposure is also centrally managed. Foreign exchange exposure of each operation unit is matched by corporate treasury and net exposures are minimised via forward foreign currency contracts and other foreign currency hedging instruments.

RISK ASSESSMENT AND MANAGEMENT

Risk is inherent in innovation and the pursuit of long-term growth opportunities. Assessing and dealing with risks to stay ahead of the challenges in today's risk environment is an important aspect of doing business in the global economy. With the oversight of the Board and the Audit Committee, the Group has implemented a risk management framework that is intended to enable the management of risks and align risk taking appropriately with our efforts to increase shareholder value. It also enables us to anticipate and prepare for major disruptive events that might threaten our ability to conduct business. The Group places great emphasis on the constant review and strengthening of its risk management framework. Details of the framework are set out in the Corporate Governance – Risk Management and Internal Controls section of this report.

The Group's financial performance and operations are influenced by a wide range of risks. Many of these risks affect not just our business but also other businesses in the industry. The following sets out an overview of the nature and extent of key risks that the Group is exposed to and our approach to management of these risks.

Business risk

We encounter keen competition in all areas of our business activity. The industry is fragmented and characterised by a few major players and many other smaller firms concentrating on different areas of the supply chain and different product segments. The Group's business is not protected by long term exclusive contracts with its customers. It is the market practice that master manufacturing agreements are signed with some customers. These agreements outlined broad based framework of customer and supplier relationships but do not oblige the customers to place minimum orders with the suppliers and are not exclusive. Customers' contracts are awarded by programmes representing new product models launched. The master agreements do not oblige the customers to continue to award the suppliers with new programmes when they are launched.

The Group competes for new programmes primarily on the basis of our expertise in the area of materials application, innovative moulding processes, performance, price, product quality, service reliability, reputation and account relationships. The Group also sets aside budget for research and development in the area of material applications and moulding processes to build core competencies to penetrate niche sectors and work with our customers as a value added partner so as to ensure the securing of continuous flow of new programmes.

Product concentration risk

The Group is known in the market as a supplier of printing and imaging products. While we still specialise in this segment, we have, as part of our business strategy, continuously seek to increase the proportion of business in other product segments. Apart from printing and imaging products, the Group now concentrates on five other major product segments which are data storage, automotive, medical devices, communication, industrial, appliance motors and other products. A more diversified product base will minimise seasonal revenue fluctuations and the effects of a downturn in any of the industry on the Group's overall earnings. The Group has also enhanced its mould making and moulding skill set to manufacture critical components for printer mechanism.

Material price fluctuation risk

The Group purchases most of its materials and components from approved vendors of its customers based on binding prices agreed between the customers and these vendors. This reduces the impact of fluctuation in materials and component prices. In respect of the portion of its purchases that is exposed to price fluctuation, the Group monitors the prices of such materials and components closely and re-negotiates selling prices with customers when necessary.

Investment risk

The Group seeks to grow its business through organic growth of its existing activities, development of new capabilities and acquisition of business entities. All new investments, increase in investment in businesses, subsidiaries, and any divestments are approved by the Group's Board of Directors.

Climate change and environmental risk

Our Group has operations in areas which are exposed to natural disasters such as floods, earthquakes and bushfires. The recent spate of natural disasters and continuing threat of future occurrences due to climate change is a growing concern. The Group has a business continuity plan in place for all its operation sites and testing of the plan is conducted annually. Where necessary, production may also be shifted to other operation sites of the Group although that will involve costs. The Group is working on virtual private network access and off-site back-up to enable working off-site in the event any operating sites are not accessible due to a disaster.

RISK ASSESSMENT AND MANAGEMENT

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and generally does not require collaterals from customers. The Group's credit exposure and the creditworthiness of its counterparties are monitored on an ongoing basis. Customers are also assessed based on their historical payment records. Where necessary, customers may be requested to provide advance payment before goods are delivered or services are rendered.

The maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade receivables and bank balances and fixed deposits. Trade receivables of the Group are mainly due from product companies and contract manufacturers operating in the electronics industry and with good collection track record with the Group. Cash balances and fixed deposits are placed with reputable banks and financial institutions which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of business, the Group also maintains flexibility in funding by ensuring that ample credit facilities and working capital lines are available at any point in time.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return of risk.

Interest rate risk

The Group's exposure to interest rate risk arises primarily from its bank deposits and bank borrowings. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group has cash balances and fixed deposits placed with banks and financial institutions. Those deposits are generally with short term

maturities to provide the Group the flexibility to meet working capital and other investment needs. The Group's borrowings for short term working capital requirements are repriced at intervals of not more than 12 months and interest rates are fixed in each interval.

Foreign currency risk

Foreign exchange exposures are naturally hedged as a significant portion of the Group's trade sales and purchases are primarily denominated in the same currency. This reduces the impact of movements in foreign exchange rates. The Group is a net receiver of the US dollar and therefore benefits from a stronger US dollar and is adversely affected by a weaker US dollar relative to the functional currencies of the companies in the Group. The Group utilises forward foreign currency contracts and foreign currency option contracts to minimise its net foreign currency exposures in the management of foreign exchange risk on monetary balances and forecast sales. These derivative financial instruments are used for hedging and not for speculative trading purposes.

Derivative financial instrument risk

The Group uses foreign currency option contracts to minimise its net foreign currency exposures in the management of foreign exchange risk. These derivative financial instruments are used for hedging and not for speculative trading purposes.

Legal and political risk

The Group operates in four countries with assets and activities spreading across Asia Pacific. Management monitors closely the respective country's regulatory, political, and environmental developments and their impact on the Group's business. All legal contracts are vetted and approved by corporate head office before signing.

Capital risk

The Group manages its capital to ensure that the Group will be able to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. The capital structure of the Group consists of debt and equity attributable to equity holders, comprising issued capital, reserves, retained earnings and bank loans excluding non-controlling interests. The Board reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate,

RISK ASSESSMENT AND MANAGEMENT

in light of changes in economic conditions, investment requirements and the risk characteristics of the underlying assets. There were no changes in the Group's approach to capital management during the financial year. Certain subsidiaries of the Group are required by statutory regulations in China and Thailand to contribute to and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant authorities. This externally imposed capital requirement has been complied with by all the relevant subsidiaries.

Sensitivity Analysis

Gross profit margin

The Group constantly faces price squeeze due to keen competition. As most of its materials and components are purchased based on binding prices agreed between the customers and their approved vendors, the portion of the selling price relating to materials and components is not highly exposed to price reductions. The remaining non-material portion of the selling price is exposed to price reductions which will result in gross profit reduction. Based on the Group's turnover for FY 2015, a hypothetical one percentage point reduction in the non-material portion of the selling price of the Group's products, with all other variables held constant, will lead to \$0.5M (FY 2014: \$0.5M) reduction in the gross profit of the Group.

Foreign currency risk

The Group's exposure to the US dollar as at 30 June 2015 and 30 June 2014 are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables	25,350	23,318	–	–
Amounts due from subsidiaries	–	–	674	986
Cash and cash equivalents	8,370	7,325	2,006	49
Trade and other payables	(12,849)	(8,577)	–	–
Interest bearing bank loan	(5,524)	(5,308)	–	–
	15,347	16,758	2,680	1,035

A 5% strengthening of Singapore dollar against US dollars at the reporting date, with all other variables held constant, will result in a decrease in the Group's profit before tax of \$0.7 million (2014: \$0.8 million) and the Company's profit before tax of \$0.1 million (2014: \$0.05 million). Conversely, a 5% weakening of Singapore dollar against US dollar will result in an opposite impact on profit before tax of a similar amount. There is no impact on the equity of the Group and Company.

Interest rate risk

At balance sheet date, a hypothetical 100 basis points movement in the re-pricing of interest rate, with all other variables held constant, will have an insignificant net impact on the profit before tax for the Group and Company.

Others

Other risk factors that affect the Group's revenue and profits are project specific and are not practical to perform sensitivity analysis on.

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CORPORATE SOCIAL RESPONSIBILITY

RESPONSIBLE CORPORATE CITIZEN

Our shared values define the way we conduct our business. We are committed to conduct our business in an accountable and sustainable manner. The Group continuously seeks improvement in accountability, business sustainability, employee well-being and contribute to environmentally conscious operations and products. We ensure that our policies and activities are consistent with our corporate objectives and shared values. The management regularly reviews the impact of our policies and activities on our customers, employees, shareholders, suppliers and the communities in which we do business and refine our corporate social responsibility initiatives and governance practices with a view towards business sustainability, increasing long-term shareholder value and reducing exposure to risks and inefficiencies.

Integrity And Ethics In The Conduct Of Business

We are committed to conducting business ethically and honestly in all locations that we operate in. We also believe that creating and maintaining an ethical workplace is critical to long term business success. Each employee at Chosen is individually responsible for maintaining the highest standards of ethical behaviour. We are guided by the Chosen's Code of Business Conduct ("Code") which forms part of the company's personnel policies. The Code is set out in the Group's corporate website. It outlines the principles which are integral in the way we conduct business and our expectations of business conduct within the company. The Code is aligned to the EICC Code which sets out a code of conduct for the electronics industry on five areas of social responsibility including:

- Labour
- Health and safety
- Environmental
- Management system
- Ethics

Violation of the Code may result in disciplinary action, up to and including termination of employment. Internal audits and investigations are regularly carried out by our Risk Control Department for possible and suspected violations. We also encourage reporting of concerns. All reports of violations are promptly investigated. A whistle-blower policy is also in place to protect employees who report possible violations.

OUR CUSTOMERS

Management priorities are centered on enhancing our position as a value-added partner to our customers for the supply of innovative solutions, excellent services and products of the highest quality at cost competitive prices. Our focus is on innovation and quality.

Innovation

Innovation is central to Chosen's business approach. We constantly engage our customers and work together with them to find new ways to apply our core competencies to build better products. The Singapore and Dongguan operations, with its expertise in specialized material applications, design and process development, initiates development projects with customers to build more sophisticated and cost effective products. It is such initiatives that earned us the competitive advantage that customers have come to recognise in their relationships with the Group.

The Group aims to gear up our overseas operations with such expertise to build value-added partnerships with all our customers. In Wuxi, we are now focused on manufacturing of niche automotive components for our customers. The Malaysian operation has also developed several new programs for transportation machinery.

During the year, an Innovative Engineering Team has been set up to focus on spearheading development projects in the Group.

Quality

The Group is dedicated to continuous improvement to achieve the highest quality standards in our products and services. All our factories are ISO 9001:2000 certified. Our plants in Shanghai, Dongguan, Wuxi and Thailand are also TS 16949 certified to meet the most stringent product quality requirements for automotive products. Our Singapore plants are certified ISO 13485 for the manufacturing of medical devices. One of our Singapore plants was also certified JIS Q 13485:2005 for the contract manufacturing of in-vitro diagnostic test kits.

We continuously receive quality awards from customers. These awards represent customers' recognition of our outstanding product quality and service excellence.

CORPORATE SOCIAL RESPONSIBILITY

OUR EMPLOYEES

Manpower analysis

Job Group:

Managerial	80	7%
Corporate service staff	53	5%
Engineers and technicians	179	16%
Operators and other operational staff	806	72%
	1,118	100%

Educational Qualification:

Degree & equivalent	78	7%
Diploma & equivalent	127	11%
"O"/"A" levels & equivalent	222	20%
Secondary level and lower	601	54%
Trade certificates	90	8%
	1,118	100%

Nationality:

Singaporean/PR	143	13%
Malaysian	257	23%
Thai	148	13%
PRC	450	40%
Others	120	11%
	1,118	100%

Gender:

Male	517	46%
Female	601	54%
	1,118	100%

Employee diversity and good employer principle

Our employees represent a variety of nationalities, genders, work styles, viewpoints and expectations. The tables give snapshots of our employees in terms of diversity. An inclusive and diverse workforce gives us a competitive edge by providing access to new ideas, promoting better decision making and attuning the company to a variety of customers and cultures.

The management strongly believes that an organisation is as good as its people. We strive to create a culture where all employees can contribute to their full potential in pursuit of the Group's mission and objectives. To stay innovative and competitive, we must attract and retain highly skilled people who have the desire to perform at their absolute best.

Many of our employees have been with the Group since the set up of the respective business units. These employees have chosen to contribute and grow with us as we are committed to fostering workplaces that are safe and professional and that promote teamwork, diversity, personal development and trust. The Group always strives to be the preferred employer and emphasises good employer principle in all the locations we operate in.

We believe in building a culture of camaraderie among employees across the region, prioritising people development and promoting a well-balanced work life.

People development

The annual performance review summarizes what employees have achieved during the past year and establishes new goals for the coming year. During the review, managers discuss with employees about strengths, challenge areas and steps they can take to achieve their career development goals.

We attach great importance to the grooming of our employees not only to perform better in their current jobs but also to nurture them for career development within the Group. Employees can take advantage of our formal and informal learning and development opportunities to address their development needs.

All employees of the Group are required to undergo training, either internal or external, that cover job-related skills and soft skills. Apart from in-house on-the-job training to equip employees with the ability to perform their respective tasks within the first month

CORPORATE SOCIAL RESPONSIBILITY



of assuming their job positions, regular workshops are conducted in areas such as technical know-how, productivity, quality control, quality system, industrial safety and housekeeping habits. The Group also sponsors its employees for external specialised courses as part of its continuing program to upgrade the skills of its employees. Employees are sent for external courses, seminars and workshops on technical updates, laws and regulations update, productivity, quality control, project management, risk control and skills upgrading. Some employees of our overseas plants are sent for

language courses so as to improve the communication between them and the other employees in the region. Teambuilding programs are also held to foster close working relationships and teamwork among employees. These programs received many positive feedbacks from participants.

External trainers are regularly invited to help managerial level staff enhance leadership and management skills, explore new business concepts and facilitate the identification of risks and review of strategies.

The Group supports and accommodates employees who upgrade themselves academically by making special work schedule arrangements for them. We also support cross-functional redeployment of talent by allowing skills portability which facilitates talent retention.

Our training and development initiatives enable us to retain talent by increasing the visibility of internal career opportunities. By enhancing our employees' skill sets, we are also able to innovate more successfully.

Employee wellness and work-life balance

We constantly review and amend our policies and practices with a view of helping employees stay healthy and keep their work and home lives in balance. We engage our employees and value their ideas to transform



CORPORATE SOCIAL RESPONSIBILITY



the work place and improve work life as we believe in improvement through feedback. Our employees have virtual private network (VPN) access to the company's network enabling them to work out of office.

Regular luncheons, dinners, monthly birthday celebrations and outings are organised during the year. Festive celebrations are also organised in some of our plants to increase employee interaction. These events have always been well participated by employees of all levels.

We aim to create a healthy workplace that encourages employees to live healthily and improve their ability to be focused and productive. Employees are encouraged to participate in sports like badminton, sepak takraw and bowling sessions regularly to exercise and interact with their fellow colleagues.

Tours to various holiday destinations within the country are organised by some of our subsidiaries to enhance interaction among employees.

The Group will continue with such employee wellness initiatives and organise exciting programmes to build employee cohesion and make work life in CHOSEN colourful and vibrant.

Safety awareness

Ensuring that our employees work in a safe workplace is of paramount importance. It is our responsibility to set proper policies and processes and implement programs to minimise the risk of employee illness or injury in the workplace. The focus is on preventing and mitigating occupational risks through such controls. All incidents of accidents are reported and reviewed by corporate management. Preventive measures are immediately put in place to prevent a repeat of the same accident.

The Group has a variety of programs to mitigate operational health and safety risks. All operation sites have safety committees and safety officers to constantly review and identify risks of illnesses and injury and enhance security and safety procedures. Regular safety awareness programmes are conducted in-house

CORPORATE SOCIAL RESPONSIBILITY



to reinforce safety awareness among employees. Disciplinary actions are taken on employees who violate safety rules and do not take safety precautions.

Rewarding our people

We pay our people competitive, performance based compensation that reward not only productivity and profitability but also innovation and collaboration. The Group provides employees of each operation sites with living, transportation, medical, professional subscription benefits and insurances including healthcare, workmen and travel insurances based on the local regulatory and market norms. Non-regulatory benefits available to employees include marriage, paternity and examination leaves. We also reward our employees when they reach key milestones in their years of service.

OUR COMMUNITY

Government laws and regulations

We are committed to conducting business in compliance with the law, local regulatory requirements and other accepted standards of business conduct and co-operating with legislators and government agencies. As regulations differ from country to country, we work closely with legal firms, legislators and government officials of each jurisdiction that we operate in.

Community and social responsibility

The Group believes that education provides the strongest foundation for lasting social and economic progress. Our commitment to education goes back more than a decade, to our involvement with local schools in Singapore. We have since, expanded these efforts through a variety of education-focused initiatives in the local community where our operations are based.

The Group supports education through annual intake of students from various universities, polytechnics, secondary schools and institutes under their industrial training programmes. Students are from various courses including chemical process technology, mechanical engineering, electronics and business information technology. They undergo on-the-job training of between 3 to 6 months.



CORPORATE SOCIAL RESPONSIBILITY



We also reach out to students through hosting industrial visits and talks for students of various schools to provide them with valuable insights into the various services that we provide.

This year, we continue to sponsor a bursary to provide the family of students from Pei Cai Secondary School, who are on the Ministry of Education's Financial Assistance Scheme, with supermarket vouchers to enable them to offset their other expenses so that more pocket money can be afforded to the students. Students who are in the top 30% of the cohort during the year-end examinations, have good conduct and regular attendance and who have not been awarded the Edusave awards are eligible. The objective is to motivate students of needy families to study hard and to ease the financial burden of their family.

The Group also participates generously to donation drives and sponsorships to various charitable organisations each year. We also participate and co-sponsor charity golf competitions.



Product safety

All our operations have met the requirements of Underwriters' Laboratories Inc's (UL) Standards for Safety to ensure public safety when using our products.

Environmental responsibility

We are firmly committed to reducing the environmental impact of our activities and promoting the sustainable use of the natural resources on which we depend, while providing quality products that meet the needs of our customers. Our efforts in managing our environment impacts also help us meet the expectations of our stakeholders, reduce business risks and often reduce operating costs.

We have established internal sustainability programs aimed at:

- Lowering energy consumption
- Recycling reusable materials thereby reducing wastes
- Monitoring and properly disposing hazardous materials
- Managing industrial wastes
- Improving our Environmental Management System

As effective initiatives often require education and support to influence behavior, we also organize programs to inspire employees to help make the workplace more energy and resource-efficient.

High electricity consumption is inherent in our industry as machines run 24 hours non-stop so as to reduce wastage of materials. The Group has over the years been finding ways to reduce electricity consumption. Efforts include using power factor improvement devices on machines and compressors. We will continue to expand existing initiatives and pilot new efforts to save electricity.

The Group seeks to minimize the use of potentially hazardous substances in our products and we continue to find ways to incorporate materials and components that reduce the environmental impact of our products and packaging. We have implemented lead free manufacturing processes and our products meet the RoHS standards for shipment to the European Union. We are not directly impacted by REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals Regulation) preregistration obligation. However, we continue to work with our customers and suppliers to comply with all relevant REACH requirements.

CORPORATE SOCIAL RESPONSIBILITY

We also continuously work with customers to reduce the packaging-related environmental impacts of our products by reducing our packaging volume and expanding the use of reusable packaging materials.

Responsible waste management has become the target of regulation and stakeholder interest. The Group works to minimize the waste output of our operations and packaging. To minimize the environment impact of the materials that cannot be recycled, we engage certified industrial waste disposal partners to ensure responsible waste management.

There were no reportable spills or discharges to the environment from all our sites.

We have achieved ISO 14001 certification at our major operating sites through independent third-party audits. Our ISO 14001 Environmental Management System provides a set of processes and practices that guide environmental activities at our operating sites. Through a continuous cycle of planning, implementing, reviewing and improving processes, the system governs all aspects of our operations, including compliance with environmental requirements and ongoing efforts to improve environmental business performance.

OUR SUPPLIERS

Supplier diversity and social responsibility

The Group's suppliers include those who provide raw material, components, testing services, secondary processes, packaging material, transportation, logistics, recycling, waste management and other services. We seek to establish and maintain productive relationships with our suppliers. In addition to our major suppliers, the Group also works with, and constantly recommends to our customers, local suppliers in each location that we operate. Many of these suppliers represent small businesses that provide a number of services. We believe that promoting such diversity provides access to regional skills and markets, viewpoints and experiences and also helps reduce transportation cost and lead time.

Supplier code of conduct

Managing our value chain is complex and the quality of our suppliers is critical to our success. Our major suppliers are required to uphold the same high standards of the EICC Code for the electronics industry which sets out responsibilities in areas including labour, health and

safety, environmental, management system and ethics. Suppliers are asked to self-audit their performance against the code and we conduct audits to ensure compliance.

Managing risk of disruption of supplies

Major suppliers are required to put in place business continuity plan to respond to disruptive events. The Group conducts reviews to assess their ability to maintain business continuity and their preparedness for crisis management to prevent disruption of supplies. This helps us improve the effective management of our supply chain and reduce risks to business continuity.

OUR SHAREHOLDERS

We seek to create long-term sustainability of our business, maximise returns for our shareholders and commit to transparency and integrity in our reporting.

Maximising returns

Many of our shareholders have been stakeholders of the Group since we were listed. We are grateful to these shareholders who have provided us with unyielding support through the years. We have returned our shareholders' support with high dividend payout. We have kept our dividend payout ratio at more than 50% for the last 9 years. This year, the Board has recommended a first and final tax exempt one-tier dividend of 0.83 cents per share in view of the higher profitability.

Engaging the investing community

The Group engages current and potential investors and analysts in one-on-one meetings to provide more insights of our business, niches, growth drivers and strategies. Where appropriate, plant tours are conducted to help them better understand the operations of the Group. We believe that those who are interested in us should know us well and have confidence in us. All investor and analyst discussions are conducted by the management to ensure that the investors and analysts hear our strategies direct from management. Such meetings also enable management to garner invaluable feedback from the investor community.

Shareholders are given the opportunity to air their views and ask questions informally or formally before, at and after each Annual General Meeting. Our corporate website provides up to date and detailed information on the Group's operations and corporate information.

CORPORATE SOCIAL RESPONSIBILITY



Current and past annual reports can be retrieved from our website. All material announcements are also available on our corporate website. The investor community is also able to email feedback and queries through our website and receive reply from us.

Operations sustainability

Chosen has evolved over these years to become a significant supplier to several key business sectors especially printing and imaging, medical devices, data storage handling, automotive and communication. We believe that our presence in these business sectors will provide us with sustainable growth. We will continue to invest and innovate in our products and services to stay ahead of competition.

Business continuity, crisis management and preparedness for emergency situations

Business disruptions could be caused by a natural disaster, a pandemic, civil unrest, an act of terrorism, fire and other events of various durations. The Group has in place a group-wide business continuity plan to respond to major operational disruptions. It aims to respond seamlessly to external events while minimising operational disruptions. The plan involves the identification of critical business functions and measures to ensure quick restoration and continuity of such functions during a crisis. A crisis team is identified for each operation site and an emergency response checklist is in place to provide a clear, systematic and consistent process of operational recovery during a crisis.

Because an emergency can strike quickly and without warning, it is imperative that employees learn how to plan for and report an emergency, respond to different types of emergencies and evacuate safely. All the operation sites carry out annual drills to inculcate awareness and preparedness of employees for emergency situations. Debrief meetings are carried out to identify improvements to layout of facilities and procedures for emergency evacuation.

Virtual private network (VPN) access to the company's network enabling employees to work out of office and off-site live backup of the company's IT system is another initiative by the Group to anticipate and prepare for major disruptive events that may affect business continuity.

Succession Planning

The Board discusses succession planning at board meetings and at strategic retreats. The Executive Directors regularly review their list of potential successors and assess them against a list of leadership attributes. Plans are put in place to develop these candidates via training and development including regular face-to-face appraisal reviews, executive coaching, international assignments, executive development programmes and leading roles in major projects.

We also involve General Managers of all operational units in strategy meetings to tap their ideas and also prepare them to take on larger leadership roles. Such involvement also promotes participative management, facilitates interaction among management of units across the region and builds stronger relationships among the management team.



CORPORATE GOVERNANCE

The Board believes in achieving high standards of corporate governance to protect the interests of shareholders and to enhance shareholder value. The Board is focused on strengthening its checks and balances to ensure transparent corporate practices, integrity and accountability to its stakeholders.

This report outlines the Company's corporate governance processes with specific reference to each principle and guideline of the Code of Corporate Governance 2012 (the "Code"), and explains deviations from the Code, taking into consideration the Disclosure Guide provided by the SGX-ST on 29 January 2015. The Company has adhered to the principles and guidelines of the Code where appropriate.

BOARD MATTERS

Principle 1: Effective Board to lead and control the company.

Apart from fulfilling its statutory responsibilities, the Board provides entrepreneurial leadership, sets the Company's values and standards, reviews management performance, approves strategic plans, major investment and funding decisions, including key operational matters and sustainability issues and ensures that the Company's strategies are in the interest of the Company and its shareholders and key stakeholder groups. The Board is also responsible for establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets. It oversees the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and ensuring the adequacy of such processes.

Guideline 1.1:
The Board's role

Every Director is expected, in the course of carrying out his or her duties and responsibilities, to act in good faith, provide insights and consider at all times the interests of the Company.

Guideline 1.2:
Directors to act
in the interests of
the Company

The Board has established self-regulatory and monitoring mechanisms, which enable risk to be assessed and managed and ensure and maintain effective corporate governance. In this regard, the Board has established several board committees, including an Audit Committee, a Nominating Committee, a Remuneration Committee and a Performance Share Award Committee, which operate within defined terms of reference. The Board has also adopted the Group's Enterprise Risk Management Framework as reviewed and approved by the Audit Committee. Details of this framework are outlined in the section on Risk Management and Internal Controls and Internal Audit.

Guideline 1.3:
Disclosure on
delegation of
authority by
Board to Board
Committees



Guideline 1.4:
Board to meet
regularly

CORPORATE GOVERNANCE

The Board holds at least 4 scheduled meetings each year. However, non-scheduled meetings may be convened to deliberate on urgent matters. The Directors are also accessible to management for guidance and exchange of views outside such formal meetings. The attendance of the Directors at meetings of the Board and board committees during the year, as well as the frequency of such meetings, is disclosed below:

Directors' Attendance at Board and Board Committee Meetings during the financial year:

Name	CHOSEN Board			Audit Committee	Nominating Committee	Remuneration Committee	Performance Share Award Committee
	Scheduled	Non-Scheduled	Strategic Retreat				
Aloysius Lim Cher Kia	4	1	1		1		
Chow Kok Hwee	4	1	1		1		
Soong Wee Choo	4	1	1				
Chew Heng Ching	4	1	1	4	1	1	1
Chow Kok Kee	4	1	1	4	1	1	1
Henry Tan Song Kok	4	1	1	4	1	1	1
No. of Meetings Held	4	1	1	4	1	1	1

During the year, the Board visited the Dongguan plant to better understand the business operations of the plant and to meet with local management and also held a meeting where certain issues like group business strategy, entrepreneurship, succession planning and the minimum trading price rule were discussed.

All new investments, increase in investment in businesses, subsidiaries, and any divestments by any of the Group's companies, and all commitments to term loans and lines of credit from banks and financial institutions by the Company require the approval of the Company's Board of Directors.

Guideline 1.5:
Matters requiring Board approval

Newly appointed directors will be given training (either in-house or externally) appropriate to the level of their previous experience and will undergo an orientation program to familiarise themselves with the Group's operations and governance practices. Training will be provided to first-time directors in areas such as accounting, legal and industry-specific knowledge as appropriate. Existing directors are also arranged to visit the Group's operational facilities in the region and meet with management to gain a better understanding of business operations and for operational updates. Changes to laws and regulations and accounting standards as well as commercial risks affecting the Group are monitored by the management. Where such changes have an important bearing on the Group and the Directors, the Directors will be briefed by the Company Secretaries either during Board meetings or at ad hoc sessions. During the financial year, the Directors were briefed by KPMG LLP on the developments in financial reporting and the changes that affect the Group as well as by the Company's lawyers on changes to the Companies Act.

Guideline 1.6:
Directors to receive appropriate training

There were no incoming directors during the financial year. Newly appointed directors will receive a formal appointment letter explaining their duties and obligations and will be briefed by the management on the Group's operations, directions and their duties and responsibilities.

Guideline 1.7:
Formal letter to Directors setting out their duties

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board.

The Board comprises 6 directors: 3 executive and 3 non-executive and independent directors, as follows:-

Executive Directors

Aloysius Lim Cher Kia
Chow Kok Hwee
Soong Wee Choo

Independent Directors

Chew Heng Ching
Chow Kok Kee
Henry Tan Song Kok

Guideline 2.1:
One-third of
Board to be
independent

Guideline 2.2:
Independent
directors to
make up at
least half of the
Board in certain
circumstances

Guideline 2.3:
Disclosure
of Directors
considered to be
independent

The Nominating Committee determines on an annual basis whether or not a director is independent, taking into account the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. There is no director who is deemed to be independent by the Board notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

The NC noted that under the Code, the independence of a director who has served for more than nine years since the date of first appointment should be subject to rigorous review. In this regard, the Company has a process in place for the review of directors' independence. In the current year, the review was carried out based on the respective Independent Directors' self-declaration in the Confirmation of Independence Checklist and their actual performance on the Board and board committees. The review process by the Nominating Committee and the Board have (with each of them abstaining from discussion and deliberation on their independence) placed high emphasis on whether each of them has demonstrated independent mindedness and conduct at board meetings and has been exercising independent judgement in the best interests of the Company and its minority shareholders, in the discharge of their director's duties. The Board concurred with the Nominating Committee that each of them has not hesitated to express his own viewpoints as well as to seek clarification from management on issues he deems necessary. It is also noted that each of them is able to exercise objective judgment on commercial and corporate governance matters independently, in particular from management, notwithstanding that each of them has served more than 9 years on the Board. After due consideration and careful assessment, the Nominating Committee and the Board are of the view that Chew Heng Ching, Chow Kok Kee and Henry Tan Song Kok remain independent.

Guideline 2.4:
Independence
of Director who
has served on the
Board beyond
nine years should
be subject to
rigorous review

The Board examines its size annually, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself taking into account the scope and nature of the operations of the Company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and board committees.

Guideline 2.5:
Board to
determine its
appropriate size

The Board reviews its composition annually and seeks to maintain a diversity of skills, experience, gender and knowledge of the Company among the Directors. The Board comprises individuals with vast business or management experience, industry knowledge, strategic planning experience and includes professionals with financial, accounting and legal backgrounds. The Board and the Nominating Committee is satisfied that the current Board comprises persons who, as a group, provide diversity on core competencies, such as accounting or finance, business or management experience, industry knowledge and strategic planning experience and gender, required for the Board to be effective.

Guideline 2.6:
Board to
comprise
Directors
with core
competencies

CORPORATE GOVERNANCE

The Board exercises independent judgment on corporate affairs, reviews the performance of management, provides management with objective perspective on issues and helps shape the Group's strategic direction. The Independent Directors constructively challenge and help develop proposals on strategy. They also review and monitor the performance of management.

Guideline 2.7:
Role of non-executive directors

The Independent Directors meet without the presence of management as and when required.

Guideline 2.8:
Non-executive directors to meet regularly

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities between leadership of the Board and executives responsible for managing the company's business.

The Chairman and the CEO are separate persons and they are not related.

Guideline 3.1:
Chairman and CEO should be separate persons

The Chairman, with the assistance of the Company Secretaries, schedules Board meetings and ensures that the Board performs its duties reasonably. As a general rule, Board papers are sent to Directors at least 3 working days before Board meetings so that the members may better understand the matters for discussion before the meetings. Managers who can provide additional information to the Board may be invited to the meetings. The Chairman also initiates informal meetings to brief the Board on project developments and relevant matters before certain formal resolutions are passed. The Chairman encourages constructive relations between executive directors, independent directors and management and also ensures effective communication with shareholders. The Chairman also assists the Board to ensure that policies and procedures are introduced to comply with the Code.

Guideline 3.2:
Role of Chairman

The Company is of the view that it is in the best interests of the Company that the founder and substantial shareholder of the Group, who plays an instrumental role in developing the business of the Group and has also provided the Group with strong leadership and vision, be the Chairman of the Company so that the Board can have the benefit of a chairman who has intimate knowledge of the business of the Company and is thereby able to guide decisions and ensure that the Board receives clear information and is properly briefed in a timely manner on pertinent issues and developments and at the same time have the benefit of objective and independent views from the Independent Directors. The Chairman is primarily responsible for ensuring a balance of power and authority at the top of the Company and the effective working of the Board. The Independent Directors form 50% on the Board. They actively participate during Board meetings and challenge the assumptions and proposals of the management unreservedly, both during and outside the meetings via e-mail and telephone, on pertinent issues affecting the affairs and business of the Group. The CEO has the general control and management of the business of the Group and, together with the Executive Directors, is responsible for the day-to-day management of the Company's businesses and affairs.

Guideline 3.3:
Appointment of LID

The re-election of the Executive Directors is reviewed by the Nominating Committee and their remuneration packages are being reviewed periodically by the Remuneration Committee. The Nominating Committee comprises a majority of independent directors of the Company while the Remuneration Committee comprises entirely of independent directors. As such, the Company believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual and hence, the Company have not appointed a Lead Independent Director.

CORPORATE GOVERNANCE

Although no Lead Independent Director was appointed, the Company's Independent Directors meet among themselves when necessary, without the presence of the other Directors, and the Independent Directors will provide feedback to the Chairman after such meetings as appropriate.

Guideline 3.4:
Independent directors to meet periodically, led by the LID

BOARD MEMBERSHIP

Principle 4: Formal and transparent process for the appointment and re-appointment of directors.

The Nominating Committee of the Company comprises the following 5 Board members, majority of whom, including the Chairman, are independent directors:-

Chow Kok Kee (Chairman)
Chew Heng Ching
Henry Tan Song Kok
Aloysius Lim Cher Kia
Chow Kok Hwee

Guideline 4.1:
Majority of NC members, including Chairman, should be independent and role of NC

Guideline 4.2:
NC to recommend to the Board on certain relevant matters

The Nominating Committee was established by the Board to ensure a formal and transparent procedure for the appointment and re-nomination of directors. Key terms of reference of the Nominating Committee are as follows:

Guideline 4.3:
NC to determine Directors' independence annually

- a. To make recommendations to the Board on all Board appointments;
- b. To re-nominate directors having regard to his contribution and performance including, if applicable, as an independent director;
- c. To determine annually, and as and when circumstances require, whether or not a director is independent, and to undertake a rigorous review of the independence of any director who has served on the Board beyond nine years from the date of first appointment;
- d. To evaluate and assess the effectiveness of the Board as a whole, its board committees and each individual director due for re-appointment and propose objective performance criteria to the Board;
- e. To review on a regular basis board succession plans for directors, in particular the Chairman and CEO, and other senior executives;
- f. To review, develop and recommend to the Board appropriate induction/training and professional development programs for the directors;
- g. Where a director has multiple board representations, to determine if he is able to and has been adequately carrying out his duties as a director of the Company;
- h. To recommend to the Board the maximum number of listed company board representations which any director may hold; and
- i. To consider and recommend the appointment of a lead independent director where appropriate.

CORPORATE GOVERNANCE

The Nominating Committee is charged with the responsibility of re-nomination of directors. The Company's Articles of Association requires one third of the Board to retire by rotation at every AGM. The Managing Director is not subjected to retirement by rotation. However, each term of appointment of the Managing Director shall not exceed 5 years. Directors are appraised by all other members of the Board before their re-nomination at the AGM.

Each member of the Board abstains from making any recommendations and/or participating in any deliberation of the Board and/or board committees and from voting on any resolution in respect of the assessment of his own performance or re-nomination as a director.

The review process on the independence of Independent Directors is set out under Guideline 2.4 above.

When a director has multiple board representations, the Nominating Committee also considers, on an annual basis, whether or not the director is able to and has adequately carried out his duties as a director of the Company. The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they were in full time employment and their other responsibilities. All Directors had confirmed that notwithstanding the number of listed company board representations and other principal commitments, which the Directors held, they were able to devote sufficient time and attention to the affairs of the Company.

Guideline 4.4:
Ensure
Directors with
multiple board
representations
give sufficient
time and
attention to the
Company

No alternate directors have been appointed to the Board.

Guideline 4.5:
Boards should
avoid approving
the appointment
of alternate
directors.

When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Nominating Committee, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The sourcing of candidates for the selection may involve search consultants and advertisements. Directors and management may also make suggestions. The Nominating Committee then nominates the most suitable candidate for appointment to the Board.

Guideline 4.6:
Description
of process for
selection and
appointment of
new Directors

Key information of the Directors of the Company is provided in the "Board of Directors" section of the annual report.

Guideline 4.7:
Key information
regarding
directors

CORPORATE GOVERNANCE

BOARD PERFORMANCE

Principle 5: Formal assessment of the effectiveness of the Board and board committees and the contribution of each director to the effectiveness of the Board.

The Board is of the view that the purpose of a board and board committee assessment exercise is to create another channel for the Board members to exchange constructive feedback on the Board's strengths and shortcomings with a view of strengthening the effectiveness of the Board. As such, the exercise should not be confined to the Nominating Committee but should be performed by the Board as a whole.

Guidelines 5.1 and 5.2: Board to implement process to evaluate the Board's and individual director performance and disclose the process

The Board has implemented a formal process to carry out the exercise on an annual basis. Individual board members provide feedback on their assessment of the Board and board committees' performance based on a set of qualitative criteria and financial performance indicators as well as share price performance. The Nominating Committee reviews the relevance of the set of performance criteria and indicators annually and makes changes where necessary for approval by the Board.

Qualitative criteria used include:

- Board size and composition (adequacy of current board size and whether the Board as a whole provide core competencies required by the Company);
- Discharge of principle Board functions (the Board's discharge of its statutory function as well as its other principle responsibilities);
- Board committees' discharge of its responsibilities; and
- Board processes (adequacy of number of meetings held, appropriateness of matters required for approval by the Board, the way meetings are scheduled and carried out, adequacy of time available for Board members to prepare for meetings, board attendance and adequacy of disclosures in Company announcements).

Financial performance indicators used are those which not only reflect shareholders' return (in terms of dividend payout ratio and total shareholders return) and profitability (in terms of growth in profit and return on equity) but also enable comparison with industry peers on the same basis. The performance evaluation also considers the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and the share price performance of its industry peers. Discussions are carried out at a Nominating Committee meeting and subsequently at a Board meeting to evaluate the feedback and decide on follow-up actions, if any.

Assessments of the Board have been conducted in respect of the financial year ended 30 June 2015 and it was concluded that the Board has met its performance objectives.

Appraisal of individual directors, to assess whether they contribute effectively and demonstrate commitment to the role including commitment of time for board and committee meetings, is conducted before their nomination for re-election at the AGM. Criteria used, which are proposed by the Nominating Committee and approved by the Board, include interactive skills, participation at board and board committee meetings, knowledge of the industry, functional expertise, contribution to the productivity of meetings, understanding of finance and accounts, contribution at board committees, exercising independent judgement, improvement of own performance, availability and preparedness for meetings. Appraisals are provided by all other board members and discussed at a Nominating Committee meeting and subsequently at a Board meeting to evaluate the feedback and decide on follow-up actions, if any.

Guideline 5.3: Evaluation of individual director's performance

CORPORATE GOVERNANCE

ACCESS TO INFORMATION

Principle 6: Provision of complete, adequate and timely information to directors.

The Company recognises that the continual flow of complete and relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management is therefore expected to update the Board with information concerning the Company's activities, risks and performance via budgets, management accounts and at each board meeting and when necessary, on an ad hoc basis so that urgent substantive matters could be deliberated immediately.

The Directors are also provided with the names and contact details of the Company's senior management to facilitate direct access.

Guidelines 6.1 and 6.2: Board should have separate and independent access to Management; Management obliged to provide Board with adequate and timely information and include background and explanatory information

The Directors have separate and independent access to the company secretaries.

The company secretaries attend all board meetings and are responsible to ensure that board procedures are followed. Under the direction of the Chairman, the company secretaries' responsibilities include ensuring good information flow within the Board and its committees and between senior management and independent directors, advising the Board through the Chairman on all governance matters as well as facilitating orientation and assisting with professional development as required. Together with the Board of Directors, the company secretaries are responsible for compliance with the Companies Act and all laws and regulations applicable to the Company.

Guideline 6.3: Directors should have separate and independent access to Company Secretary; role of Company Secretary to be clearly defined

The appointment and removal of the company secretaries are subject to the approval of the Board.

Guideline 6.4: Appointment and removal of Company Secretary

The Board may take independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively. Subject to the approval of the Chairman, directors may either individually or as a group, seek and obtain independent professional advice to assist them in their duties.

Guideline 6.5: Procedure for Board to take independent professional advice at company's cost

CORPORATE GOVERNANCE

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors.

The Remuneration Committee comprises 3 Board members, all of whom are independent directors. The members of the Remuneration Committee are:-

Henry Tan Song Kok (Chairman)
Chew Heng Ching
Chow Kok Kee

Guideline 7.1:
RC to consist
entirely of
independent
directors and role
of RC

The key terms of reference of the Remuneration Committee are:

- a. To make recommendations to the Board in respect of the development of a formal and transparent procedure and policy on executive remuneration and for fixing the remuneration packages of individual directors and key management personnel;
- b. To review and recommend to the Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each executive director ("ED"), CEO (if CEO is not a director) and key management personnel;
- c. To review the remuneration packages of employees related to any director, controlling shareholder and/or key management personnel of the Group;
- d. To review the framework of remuneration of the Non-Executive Directors ("NEDs");
- e. To review and make recommendations to the Board on the Company's obligations arising in the event of termination of the service contracts of EDs and key management personnel;
- f. To consider and make recommendations to the Board on the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from EDs and key management personnel in exceptional circumstances of misstatements of financial results, or of misconduct resulting in financial loss to the Company; and
- g. To oversee the administration of the Company's share-based incentive schemes as may be implemented by the Company from time to time upon such terms as defined in the respective schemes.

The Committee recommends to the Board the structure of remuneration package for Directors and executives to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully. All aspects of remuneration, including director's fees, salaries, bonuses, incentives and benefits in kind, except for performance share award, which is administered by the Performance Share Award Committee, are covered. The Committee also recommends to the Board, the specific remuneration packages for each ED upon appointment and renewal of each 2 years service period.

Guideline 7.2:
RC to review
and recommend
to the Board
a general
framework of
remuneration for
the Board and
key management
personnel

All directors of the Committee are required to abstain from deciding his own remuneration.

CORPORATE GOVERNANCE

The Committee has access to expert advice in the field of executive compensation outside the Company when required. No expert advice has been sought during the year as there were no changes to the remuneration structure.

Guideline 7.3:
RC to seek
expert advice, if
necessary

As part of the review of remuneration packages, the Committee also reviews and makes recommendation to the Board on the Company's obligations arising in the event of termination of the service contracts of EDs and key management personnel, to ensure fairness and reasonableness of termination provisions.

Guideline 7.4:
RC to review
the Company's
obligations
in event of
termination
of executive
directors and key
management
personnel

There are no compensation commitments provided in the service contracts for early termination of services.

LEVEL AND MIX OF REMUNERATION

Principle 8: Level and structure of remuneration should be aligned with the long-term interest and risk policies, and should be appropriate to attract, retain and motivate directors and key management personnel.

EDs have service contracts of not more than 3 years and with notice period of not more than 6 months. EDs and key executives' remuneration packages consist of annual fixed salaries and annual performance incentive, which is linked to corporate and business unit profitability and individual performance. Besides financial key performance indicators ("KPIs") like profitability and financial ratios, non-financial KPIs like management skills, process skills, people skills and business planning skills are used to measure individual performance.

Guideline 8.1:
Package should
align Executive
Directors' and
key management
personnel's
interest with
shareholders'
interest

All EDs and key executives are eligible for share awards pursuant to the Company's Performance Share Award Scheme. The number of shares to be awarded shall be based on profitability targets set and the shares awarded shall vest over 3 years in equal proportions.

Guideline 8.2:
Long-term
incentive
schemes are
encouraged

NEDs do not have service contracts with the Company and have remuneration packages consisting of a basic fee and additional fees for services performed in board committees. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried. In those years that the Group performs well, NEDs shall be eligible for share awards based on one-third of the cash component of their respective director's fees. The unit price of each share shall be based on the volume-weighted average price of the Company's share price over 14 trading days immediately before the grant date. The share component will form part of their additional directors' fees. The aggregate directors' fees for the NEDs are subject to shareholders' approval.

Guideline 8.3:
Remuneration of
non-executive
directors
dependent on
contribution,
effort, time
spent and
responsibilities

There are no contractual provisions to reclaim incentive components of remuneration from EDs and key management personnel. However, the Remuneration Committee has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to the Company.

Guideline 8.4:
To consider the
use of contractual
provisions to allow
the Company to
reclaim incentive
components of
remuneration
from executive
directors and key
management
personnel

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

Principle 9: Disclosure of remuneration policy, level and mix of remuneration and procedure for setting remuneration.

Annual Remuneration Report

The Company believes that, given the sensitive nature of remuneration, disclosure of breakdown of remuneration of each individual director and the CEO as well as the key management personnel is not advantageous to the Company.

Guidelines 9.1, 9.2 and 9.3: Remuneration of Directors and top 5 key management personnel

(i) Remuneration of Directors for the financial year ended 30 June 2015:

Remuneration Band & Name of Director	Base/ Fixed Salary	Variable or Performance related Income/ Bonuses	Benefits in Kind	Share- Based*	Directors' Total Fees Cash Component	Share Component*
\$750,000 to \$999,999						
Aloysius Lim Cher Kia	64%	25%	2%	9%	—	—
\$500,000 to \$749,999						
Chow Kok Hwee	60%	28%	2%	10%	—	—
Soong Wee Choo	61%	27%	3%	9%	—	—
Below \$250,000						
Chew Heng Ching	—	—	—	—	74%	26%
Chow Kok Kee	—	—	—	—	74%	26%
Henry Tan Song Kok	—	—	—	—	74%	26%

(ii) Remuneration of top 5 key management personnel for the financial year ended 30 June 2015:

Remuneration Band & Name of Key Executives	Base/ Fixed Salary	Variable or Performance related Income/ Bonuses	Benefits in Kind	Share- Based*
\$150,000 to \$399,999				
Hoo Liang Hock	62%	4%	30%	4%
Lim Song Yong	90%	10%	—	—
Puah Siang Kwang	49%	6%	34%	11%
Sinclair Bateman	63%	27%	—	10%
Tay Say Kiat	62%	37%	1%	—
Below \$150,000				
None				

* Based on the fair values of performance shares granted in FY 2015.

CORPORATE GOVERNANCE

The total remuneration paid to the above key management personnel for the financial year ended 30 June 2015 was \$1.3M.

There are no termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO) as at 30 June 2015.

(iii)	No employee of the Company and its subsidiaries was an immediate family member of a Director or the CEO and whose remuneration exceeded \$50,000 during the financial year ended 30 June 2015. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.	Guideline 9.4: Disclosure of remuneration of employees who are immediate family members of Director and whose remuneration exceeds \$50,000
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Performance Share Award Committee

The Performance Share Award Scheme ("the Scheme") was adopted by the Shareholders in 2010. The Scheme is administered by the Performance Share Award Committee ("PSA Committee") which has 3 Board members, all of whom are independent directors. The members of the committee are:-

Guideline 9.5:
Details of employees share schemes

Henry Tan Song Kok (Chairman)
Chew Heng Ching
Chow Kok Kee

Persons eligible to participate in the Scheme are selected Group employees and employees of associated companies as the PSA Committee may determine and non-executive directors of the Company and/or its subsidiaries. The Scheme contemplates the award of fully-priced shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met, and upon expiry of the prescribed vesting periods.

Details of the Scheme and the incentives issued, are set out in the Directors' Report and Notes to the Financial Statements.

The remuneration of the EDs and key management personnel is performance-based, comprising a base salary and variable performance bonus and performance share award which are based on the Group's performance and the individual's performance. For the financial year ended 30 June 2015, the EDs and the key management personnel are entitled to receive the performance bonus according to the performance conditions met.

Guideline 9.6:
To disclose information on the link between remuneration paid to the Executive Directors and key management personnel, and performance.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

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

In presenting the interim and annual financial statements and other price sensitive announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and competitive conditions of the industry and any known factors or events that may affect the Group for a 1 year period.

Guideline 10.1:
Board's responsibility to provide balanced, understandable assessment of Company's performance and position

This responsibility extends to reports to regulators.

The Board reviewed reports from the Internal Auditor to ensure compliance by business units with all the Group's policies, operational practices and procedures, and relevant legislative and regulatory requirements.

Guideline 10.2:
Board to take adequate steps to ensure compliance with legislative and regulatory requirements

The management provides the Board with appropriately detailed management accounts and explanation and information of the Group's performance, position and prospects to enable the Board to make a balanced and informed assessment of the Company.

Guideline 10.3:
Management should provide Board with management accounts on a monthly basis

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Maintenance of a sound system of risk management and internal controls.

The Group has established an Enterprise Risk Management Framework ("ERM Framework") to manage its exposure to risks in the conduct of its business. Details of the various key risk factors and the management of such risks are outlined in the section on Risk Assessment and Management of this Annual Report.

Guideline 11.1:
Board to determine the Company's levels of risk tolerance and risk policies

The Audit Committee reviews and approves the Group's Enterprise Risk Management Framework. As the environment in which the Group operates changes, risks and opportunities change. Under the ERM Framework, which is developed with reference to the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Model, Management at all levels are expected to constantly review the business operations and the environment that the Group operates in order to identify risk areas and ensure mitigating measures are promptly developed to address these risks. The ERM Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, managing and monitoring risks faced by the Group.

Guideline 11.4:
Board to assess appropriate means to assist in carrying out its responsibility of overseeing the Company's risk management framework and policies

Individual business units have different cultures and risk profiles. Each business unit will identify and evaluate its own set of risks. As part of the annual internal audit of each business unit, risk identification, analysis and evaluation exercise will be carried out and treated according to the risk management process as set out in the ERM Framework. The business unit General Manager, Group Risk Control Manager and corporate management participate in the review process.

CORPORATE GOVERNANCE

A report of the review setting out the key risks identified, evaluation of the risks and its mitigating actions will be compiled by the Group Risk Control Manager and presented to the Audit Committee for review. All other non-key risks are reported to corporate management for review and monitoring.

The Group's objective is to build a risk-centric culture promoting an effective integrated risk management framework in the Group. All management levels up to the Board and the Audit Committee plays a role in this framework. The Board maintains overall responsibility for risk management of the Group. It directs the Group in managing risks and determines the level of risk that the Group is willing to accept in the conduct of its business activities. The Audit Committee reviews the nature and extent of key risks identified to ensure that the Group has put in place risk treatment measures to mitigate those risks and reviews management's response to the internal audit report to ensure that the Group has put in place policies and controls to address weaknesses in risk management and internal control systems identified. The corporate management sets risk management standards; ensures an effective risk management system is in place to support the Group in achieving its objectives; ensures that risk assessments are conducted for the Group at a frequency approved by the Audit Committee; ensures that the Group has identified its relevant risks and that suitable treatment measures have been implemented and are monitored for effectiveness; participates in risk assessments as required; and determines the risk owner for identified key risks.

The General Manager of each business unit is responsible for inculcating risk awareness within the business unit; identifying, evaluating, reviewing and discussing risks with department managers, the Group Risk Control Manager and corporate management; determining the risk owners for the risks identified; ensuring treatment measures for mitigating these risks are promptly and properly implemented; and ensuring policies and controls are complied with. The business units' department managers' responsibility is to be aware of risks which fall into their area of responsibility and the possible impacts these may have on other departments and vice versa; participate in business unit risk assessments, ensure risk treatment measures are implemented; ensure employees in the department comply with policies, controls and processes; and participate in regular meetings with the General Manager to discuss and address business unit risks and act as risk owners for identified risks in their department.

The Group Risk Control Manager facilitates the unit General Managers and corporate management in identifying, evaluating and managing major business unit risks; provides advice in developing risk treatment measures, policies and internal controls to mitigate identified risks to an acceptable low level; performs audit work to ensure treatment measures developed and policies and controls that are put in place by management are properly implemented and complied with and ensures risks identified are brought to the attention of the relevant management level.

The Group had appointed an external firm of consultant to review its risk identification process. During the year, the Risk Management Committee, which comprises all unit General Managers and EDs and is chaired by the Chairman of the Group, met to review and update the risks identified and mitigating factors. Key risks of the Group and how the Group mitigates such risks and follow-up actions are reported to the Audit Committee on a half yearly basis.

The Group has established a system of internal controls to address the financial, operational and compliance risks of the Group. The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis.

Guideline 11.2:
Board to review
adequacy of risk
management and
internal control
systems

CORPORATE GOVERNANCE

The internal control and risk management functions are performed by the Group's key executives and the CEO and CFO have confirmed the adequacy and effectiveness of the internal controls and risk management systems and the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

Guideline 11.3:
Board to comment on the adequacy and effectiveness of the internal controls

It should be noted, in the opinion of the Board that, in the absence of evidence to the contrary, such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and that it can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks. The Board notes all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the Group's internal auditor and external auditors, and reviews performed by management, various Board committees, the Audit Committee and the Board, the Board with the concurrence of the Audit Committee is of the opinion that the Group's internal controls were adequate and effective as at 30 June 2015 to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations and risk management systems of the Group in its current business environment.

AUDIT COMMITTEE

Principle 12: Establishment of an Audit Committee with written terms of reference.

The members of the Audit Committee, who are all independent directors, are:

Chew Heng Ching (Chairman)
Chow Kok Kee
Henry Tan Song Kok

Guideline 12.1:
AC should comprise at least three directors, all non-executive, and the majority of whom, including the Chairman, are independent

The Audit Committee members were selected based on their expertise and prior experience in the area of financial management. All members of the Audit Committee have accounting or related financial management expertise and experience to discharge their responsibilities as members of the Committee.

Guideline 12.2:
Board to ensure AC members are qualified

The Audit Committee has full access to and co-operation of the Company's internal auditor and management and has full discretion to invite any director and executive officer to attend its meetings and investigate any matter within its terms of reference.

Guideline 12.3:
AC to have explicit authority to investigate and have full access to Management and reasonable resources

CORPORATE GOVERNANCE

The Audit Committee's principal responsibility is to assist the Board in raising and maintaining a high standard of corporate governance and in so doing, performed the following duties, which are also the key terms of reference of the Audit Committee, during the year:

Guideline 12.4:
Duties of AC

- a. To review with the external auditors their audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and management's response;
- b. To ensure co-ordination where more than one audit firm is involved;
- c. To review all interim and annual financial statements before submission to the Board for approval, focusing in particular, on:
 - i) changes in accounting policies and practices
 - ii) major risk areas
 - iii) significant reporting issues and judgments and adjustments resulting from the audit
 - iv) the going concern statement
 - v) compliance with accounting standards
 - vi) compliance with stock exchange and statutory/regulatory;
- d. To discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary);
- e. To review the assistance given by management to the external and internal auditors;
- f. To review and report to the Board annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- g. To review and approve the hiring and removal of the internal audit function (whether in-house or out-sourced) and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;
- h. To review the internal audit programme and ensure co-ordination between the internal and external auditors and management;
- i. To review the scope and results of the internal audit procedures;
- j. To review and discuss with the external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and management's response;
- k. To report to the Board its findings from time to time on matters arising and requiring the attention of the Committee;
- l. To review transactions falling within the scope of Chapter 9A and Clause 1006 of the Listing Manual; and

CORPORATE GOVERNANCE

- m. To consider the independence and objectivity of the external auditors and recommend to the Board the appointment/re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors, and in this connection, to review all non-audit services provided by the external auditors to ensure that they would not in the Committee's opinion affect the independence of the auditors.

The Audit Committee meets with the internal auditor annually. The internal auditor can approach any of the members of the Audit Committee without the presence of the Company's management.

Guideline 12.5:
AC to meet external and internal auditors without the presence of management, annually

The Audit Committee also meets with the external auditors, without the presence of the Company's management at least annually.

The Audit Committee has reviewed the independence of the external auditors and the quantum and nature of fees, expenses and emoluments paid for non-audit services performed by the external auditors for the financial year and are satisfied that the provision of such services would not affect the independence and objectivity of the external auditors. The fees paid by the Company to the external auditors for audit and non-audit services are disclosed in the Notes to the Financial Statements.

Guideline 12.6:
AC to review independence of external auditors annually

The Company has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

Whistle-Blower Policy

High ethical standards and professional conduct is expected of staff. The Group has communicated to all staff the conduct and discipline expected of them. It has implemented the Whistle-Blower Policy which provides for the mechanisms by which employees, of all levels, may in confidence, raise concerns about possible improprieties in financial reporting or other matters. All complaints are channeled to the Group Risk Control Manager, who reports to the Audit Committee. The Audit Committee ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. All investigations, results and actions taken are documented by the internal auditor and reported to the Audit Committee. Anonymous complaints are also investigated.

Guideline 12.7:
AC to review arrangements for staff to raise concerns/possible improprieties to AC

During the year, the Audit Committee was briefed by the external auditors on changes to accounting standards and accounting issues which have a direct impact on the financial statements of the Company.

Guideline 12.8:
AC to keep updated on changes to accounting standards

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

Guideline 12.9:
Director of Company's existing auditing firm should not act as member of the AC

CORPORATE GOVERNANCE

INTERNAL AUDIT

Principle 13: Establishment of an effective and independent internal audit that is adequately resourced.

The internal auditor reports to the Chairman of the Audit Committee and administratively to the Chairman of the Board. The Audit Committee approves the hiring, removal, evaluation and compensation of the head of Internal Audit.

Guideline 13.1:
IA to report to
AC Chairman

The Group's internal auditor continuously performs financial and operational audits and the audit of other management processes to ensure effectiveness of and compliance with the Company's system of internal controls. All operating companies within the Group are subjected to audit at least once a year.

The Audit Committee meets with the internal audit manager at least 4 times a year to review internal audit reports and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

Guideline 13.2:
AC to ensure
internal audit
function is
adequately
resourced

The Audit Committee ensures that the internal audit function is staffed with relevant experienced personnel.

Guideline 13.3:
Internal audit
function staffed
with relevant
experienced
personnel

The Group's internal auditor, who is a member of The Institute of Internal Auditors, has adopted and met with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Guideline 13.4:
IA should meet
standards set by
internationally-
recognised
professional
bodies

In performing its functions, the Audit Committee also reviews annually the assistance given by the Company's officers to the auditors as well as the adequacy of the internal audit function, its effectiveness and its resources.

Guideline 13.5:
AC to ensure
adequacy and
effectiveness of
the internal audit
function annually

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Treatment of shareholders fairly and equitably and protecting of shareholders' rights.

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Results and annual reports are announced or issued within the mandatory period. The Company makes it a point to announce audited full year results to shareholders within 60 days from its year end. All material announcements are also available on the Company's website.

Guideline 14.1:
To facilitate
the exercise
of ownership
rights by all
shareholders

Shareholders are informed of shareholders' meetings through notices published in the newspaper, the SGXnet and on the Company's website. The Company's Articles of Association allow a member of the Company to appoint one or two proxies to attend and vote instead of the member.

Guideline 14.2:
Company to
ensure the
shareholders have
the opportunity
to participate
effectively in and
vote at general
meetings

CORPORATE GOVERNANCE

The Company also welcomes shareholders who hold shares through corporations which provide nominee or custodial services to attend its AGMs as observers.

Guideline 14.3:
Company to allow certain corporations to appoint more than two proxies

Principle 15: Engaging in regular, effective and fair communication with shareholders.

The Company's policy is to give full disclosure in all public announcements and annual reports on a timely basis. Price sensitive information is first publicly released via SGXnet, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Material announcements will also be available on the Company's website.

Guidelines 15.1 and 15.2:
Company to devise an effective investor relations policy to regularly convey pertinent information to shareholders and disclose information on a timely basis through SGXNET

The Company's investor relations activities are disclosed in the 'Corporate Social Responsibility- Our Shareholders' section of the annual report.

Guideline 15.3:
Company to establish and maintain regular dialogue with shareholders

An Investor Relation Matters link is also available in the Company's website to engage the investor public with the objective of soliciting and understanding their views.

Guideline 15.4:
Steps that the Company takes to solicit and understand the views of the shareholders

The Board is guided by an internal dividend policy which takes into consideration the Group's profitability, financial position, cashflow position, projected capital requirements, return to shareholders and any other relevant factors to determine the form, frequency and amount of dividends to be declared each year. The Group's practice is to reward shareholders with high dividend payout. We have kept our dividend payout ratio at more than 50% for the last 9 years.

Guideline 15.5:
Companies are encouraged to have a dividend policy

Principle 16: Encouraging greater shareholder participation at General Meetings.

Shareholders are given the opportunity to air their views and ask questions informally or formally before, at and after the AGM.

Guideline 16.1:
Shareholders should have opportunity to participate effectively at general meetings and be allowed to vote in absentia

The Company is not implementing voting in absentia and by electronic mail until security, integrity and other pertinent issues are satisfactorily resolved.

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

Guideline 16.2:
Company should avoid "bundling" resolutions

CORPORATE GOVERNANCE

The Chairmen of the Audit, Nominating, Remuneration and Performance Share Award Committees are normally available at the AGM to answer those questions relating to the work of these committees. External auditors are also present at all AGMs to answer queries about the conduct of audit and the preparation and content of the auditors report.

Guideline 16.3:
Committee
Chairman and
external auditors
to be present at
AGM

Substantial and pertinent comments and queries from shareholders during the AGM relating to the agenda of the meeting and responses from the Board and management are minuted. These minutes are available to shareholders upon request.

Guideline 16.4:
Minutes to be
available to
shareholders

The Company puts all resolutions to vote by poll and makes an announcement of the detailed results after the conclusion of the AGM.

Guideline 16.5:
Company to put
all resolutions to
vote by poll

Securities Transactions

The Company has adopted an Internal Code of Conduct on Dealing in the Company's securities. The Code has been modeled along the rules of the Singapore Exchange Listing Manual. Directors and all officers from the lines of executive level and above are advised not to deal in the Company's shares on short-term considerations. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, internal memorandums are issued by the Company Secretaries to inform all Directors and officers that they must not deal in listed securities of the Company one month before the release of the half-year and full-year results, and if they are in possession of unpublished price-sensitive information. If there are any dealings, such dealings should be reported immediately to the Company Secretaries for attention and follow-up. This Internal Code of Conduct also applies to the Company's purchase of its own shares.

Material Contracts

Save for the service contracts of the EDs with the Company, there were no material contracts of the Company or its subsidiaries involving the interests of any Directors, CEO or controlling shareholders either still subsisting at the end of the financial year ended 30 June 2015 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

To ensure compliance with Chapter 9, the Audit Committee, as well as the Board, meets half-yearly to review if the Company has entered or will be entering into any interested person transactions. If the Company is intending to enter into an interested person transaction, the Audit Committee and the Board will ensure that the transaction is carried out based on normal commercial terms and will not be prejudicial to the interest of the Company and its non-controlling shareholders.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of SGX-ST. There were no interested person transactions entered into by the Group in excess of \$100,000 during the year under review.

CORPORATE GOVERNANCE

Code of Corporate Governance 2012

Specific principles and guidelines for disclosure	Page reference
Guideline 1.3	34
Delegation of authority, by the Board to any board committee, to make decisions on certain board matters.	
Guideline 1.4	35
The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings.	
Guideline 1.5	35
The type of material transactions that require board approval under guidelines.	
Guideline 1.6	35
The induction, orientation and training provided to new and existing directors.	
Guideline 2.3	36
The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed.	
Guideline 2.4	36
Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	
Guideline 3.1	37
Relationship between the Chairman and the CEO where they are immediate family members.	
Guideline 4.1	38
Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.	
Guideline 4.4	39
The maximum number of listed company board representations which directors may hold should be disclosed.	
Guideline 4.6	39
Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process.	
Guideline 4.7	39
Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent.	

CORPORATE GOVERNANCE

Specific principles and guidelines for disclosure	Page reference
Guideline 5.1	40
The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report.	
Guideline 7.1	42
Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	
Guideline 7.3	43
Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company.	
Principle 9	44
Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration.	
Guideline 9.1	44
Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	
Guideline 9.2	44
Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	
Guideline 9.3	44
Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	
Guideline 9.4	45
Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000.	

CORPORATE GOVERNANCE

Specific principles and guidelines for disclosure	Page reference
Guideline 9.5	45
Details and important terms of employee share schemes.	
Guideline 9.6	45
For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	
Guideline 11.3	48
The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	
Guideline 12.1	48
Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.	
Guideline 12.6	50 and 96
Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement.	
Guideline 12.7	50
The existence of a whistle-blowing policy should be disclosed in the company's Annual Report.	
Guideline 12.8	50
Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	
Guideline 15.4	52
The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings.	
Guideline 15.5	52
Where dividends are not paid, companies should disclose their reasons.	

CORPORATE INFORMATION

Board of Directors

Aloysius Lim Cher Kia (Chairman)
Chow Kok Hwee (Chief Executive Officer)
Soong Wee Choo (Executive)
Chew Heng Ching (Independent)
Chow Kok Kee (Independent)
Henry Tan Song Kok (Independent)

Audit Committee

Chew Heng Ching (Chairman)
Chow Kok Kee
Henry Tan Song Kok

Nominating Committee

Chow Kok Kee (Chairman)
Chew Heng Ching
Henry Tan Song Kok
Aloysius Lim Cher Kia
Chow Kok Hwee

Remuneration Committee

Henry Tan Song Kok (Chairman)
Chew Heng Ching
Chow Kok Kee

Performance Share Award Committee

Henry Tan Song Kok (Chairman)
Chew Heng Ching
Chow Kok Kee

Company Secretaries

Liew Meng Ling, ACIS
Soong Wee Choo, FCA (Singapore)

Registered Office

Company Registration No: 199804325C
No 17 Woodlands Terrace
Woodlands East Industrial Estate
Singapore 738442
Tel: 6753 0800
Fax: 6753 7988
<http://www.chosen.com.sg>

Share Registrar

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditors

KPMG LLP
Public Accountants and Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Audit Partner: Ling Su Min
Financial year appointed: 30 June 2013

Investor Relations

For enquires, please contact the
Investor Relations Department at
Email: ir@chosen.com.sg or
Tel: 6753 0800
Fax: 6753 7988

Stock Data

Stock Code : CHOS.SP (Bloomberg)
CHOS.SI (Reuters)
ISIN Code : SG1G50869484
Stock Code : C10

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DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company, together with the audited financial statements for the financial year ended 30 June 2015.

Directors

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

Aloysius Lim Cher Kia
Chow Kok Hwee
Soong Wee Choo
Chew Heng Ching
Chow Kok Kee
Henry Tan Song Kok

Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Deemed holdings at beginning of the year	Deemed holdings at end of the year
---	---	-----------------------------------	---	---

Chosen Holdings Limited

Ordinary shares

Aloysius Lim Cher Kia	26,329,600	26,498,882	91,611,744	91,611,744
Chow Kok Hwee	6,457,140	6,605,261	—	—
Soong Wee Choo	1,530,060	1,635,861	—	—
Chew Heng Ching	200,000	250,986	—	—
Chow Kok Kee	100,000	145,887	—	—
Henry Tan Song Kok	550,156	596,043	—	—

Conditional Award of Performance Shares*

To be vested in October 2015

Aloysius Lim Cher Kia	—	169,282	—	—
Chow Kok Hwee	—	148,121	—	—
Soong Wee Choo	—	105,801	—	—
Chew Heng Ching	—	50,986	—	—
Chow Kok Kee	—	45,887	—	—
Henry Tan Song Kok	—	45,887	—	—

DIRECTORS' REPORT

Directors' interests (cont'd)

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Deemed holdings at beginning of the year	Deemed holdings at end of the year
---	---	-----------------------------------	---	---

Chosen Holdings Limited

Conditional Award of Performance Shares*

To be vested in October 2016

Aloysius Lim Cher Kia	–	169,281	–	–
Chow Kok Hwee	–	148,122	–	–
Soong Wee Choo	–	105,801	–	–
Chew Heng Ching	–	50,985	–	–
Chow Kok Kee	–	45,887	–	–
Henry Tan Song Kok	–	45,887	–	–

* Represents performance shares granted in FY 2015.

By virtue of Section 7 of the Act, Aloysius Lim Cher Kia is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiaries, at the beginning and at the end of the financial year.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 July 2015.

Except as disclosed under the "Share Awards" section of this report, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 18 and 19 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

There were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

DIRECTORS' REPORT

Share award

Performance Share Award Scheme

The Chosen Holdings Limited Performance Share Award Scheme (the "PSA Scheme") was approved by the shareholders of the Company at the Extraordinary General Meeting held on 25 October 2010. The PSA Scheme is administered by a PSA Scheme committee whose members are:

- Henry Tan Song Kok (Chairman)
- Chew Heng Ching
- Chow Kok Kee

During the financial year, 2,547,310 performance shares were granted subject to the terms and conditions of the Scheme as follows:

Category	No. of persons	No. of performance shares granted
Executive director who is a controlling shareholder	1	507,845
Executive directors	2	761,767
Non-executive directors	3	428,279
Employee	7	849,419
	13	2,547,310

The performance shares were granted with non-market conditions.

The aggregate number of performance shares granted since the commencement of the Scheme to 30 June 2015 is 2,547,310 shares.

Details of the PSA Scheme are disclosed in Note 20 to the financial statements.

The information on directors and controlling shareholders of the Company participating in the Scheme is as follows:

Contingent awards:

Name of director	Contingent awards granted during the financial year	Aggregate awards granted since commencement of Scheme to the end of financial year	Aggregate adjustments since commencement of Scheme to the end of financial year	Aggregate awards vested since commencement of Scheme to the end of financial year	Aggregate awards not vested as at the end of financial year
Aloysius Lim Cher Kia (Director and controlling shareholder)	507,845	507,845	–	169,282	338,563
Chow Kok Hwee	444,364	444,364	–	148,121	296,243
Soong Wee Choo	317,403	317,403	–	105,801	211,602
Chew Heng Ching	152,957	152,957	–	50,986	101,971
Chow Kok Kee	137,661	137,661	–	45,887	91,774
Henry Tan Song Kok	137,661	137,661	–	45,887	91,774

Since the commencement of the Scheme, no participants, director, controlling shareholder or their associates has been granted 5% or more of the total number of shares available under the Scheme.

DIRECTORS' REPORT

Audit committee

The members of the Audit Committee during the year and at the date of this report are:

- Chew Heng Ching (Chairman), non-executive and independent director
- Chow Kok Kee, non-executive and independent director
- Henry Tan Song Kok, non-executive and independent director

The principal responsibility of the Committee is to assist the Board of Directors in the identification and monitoring of the following:

- the effectiveness of the management of financial business risks and the reliability of management reporting;
- compliance with laws and regulations, particularly those of the Companies Act, Chapter 50 and the Singapore Exchange Listing Manual;
- the appropriateness of half year and full year announcements and reports;
- the effectiveness and efficiency of internal and external audits; and
- interested person transactions.

Specific functions of the Committee include reviewing the scope of work of the internal and external auditors, and receiving and considering the reports of the internal and external auditors. The Committee also recommends the appointment of the external auditors.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Singapore Exchange Listing Manual, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary, seek approval for interested person transactions and, with the assistance of the internal auditors, reviewed interested person transactions.

The Audit Committee has reviewed the quantum and nature of fees, expenses and emoluments paid to the auditors for non-audit services and are satisfied that the provision of such services does not affect their independence.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

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

On behalf of the Board of Directors

Aloysius Lim Cher Kia
Director

Chow Kok Hwee
Director

20 August 2015

STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 65 to 107 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2015 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Aloysius Lim Cher Kia
Director

Chow Kok Hwee
Director

20 August 2015

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY CHOSEN HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Chosen Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2015, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 65 to 107.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 August 2015

BALANCE SHEETS

AS AT 30 JUNE 2015

	Note	2015 \$	Group 2014 \$	2015 \$	Company 2014 \$
Non-current assets					
Property, plant and equipment	3	32,686,269	30,946,975	739,609	591,315
Subsidiaries	4	–	–	21,049,448	21,049,448
Associate	5	–	206,009	–	–
Intangible assets	6	502,249	861,141	–	–
Deferred tax assets	7	658,715	737,446	12,049	7,489
Other long-term assets	8	4,185,737	1,302,370	157,900	185,000
		38,032,970	34,053,941	21,959,006	21,833,252
Current assets					
Inventories	9	13,005,250	13,674,135	–	–
Trade and other receivables	10	30,490,322	29,854,562	70,320	9,569
Amounts due from subsidiaries	11	–	–	18,207,440	17,582,858
Other financial assets	12	156,134	138,387	–	–
Cash and cash equivalents	13	21,302,997	18,636,631	6,574,510	6,208,838
		64,954,703	62,303,715	24,852,270	23,801,265
Total assets		102,987,673	96,357,656	46,811,276	45,634,517
Equity attributable to equity holders of the Company					
Share capital	14	33,450,613	33,450,613	33,450,613	33,450,613
Treasury shares	14	(811,140)	(141,075)	(811,140)	(141,075)
Reserves	15	34,315,422	32,743,181	12,644,271	11,287,175
		66,954,895	66,052,719	45,283,744	44,596,713
Non-controlling interests		(18,089)	126,283	–	–
Total equity		66,936,806	66,179,002	45,283,744	44,596,713
Non-current liabilities					
Deferred tax liabilities	7	1,094,649	1,061,493	–	–
Current liabilities					
Trade and other payables	16	27,570,096	22,583,910	1,527,532	1,037,804
Interest-bearing bank loans (unsecured)	17	7,124,340	6,108,250	–	–
Current tax payable		261,782	425,001	–	–
		34,956,218	29,117,161	1,527,532	1,037,804
Total liabilities		36,050,867	30,178,654	1,527,532	1,037,804
Total equity and liabilities		102,987,673	96,357,656	46,811,276	45,634,517

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Revenue	18	117,242,175	117,808,726
Cost of sales		(107,796,159)	(109,256,458)
Gross profit		9,446,016	8,552,268
Other income	19(a)	860,404	912,666
Distribution expenses		(617,579)	(696,452)
Administrative expenses		(3,567,310)	(3,680,589)
Other expenses		(713,470)	(328,307)
Finance costs	21	(194,366)	(221,444)
Share of results of associate, net of income tax		(12,168)	(14,601)
Profit before income tax	19(b)	5,201,527	4,523,541
Income tax expense	22	(1,462,200)	(1,327,839)
Profit for the year		3,739,327	3,195,702
Attributable to:			
Owners of the Company		3,883,699	3,385,424
Non-controlling interests		(144,372)	(189,722)
Profit for the year		3,739,327	3,195,702
Earnings per share (in cents):			
Basic	23	1.37	1.18
Diluted	23	1.36	1.18

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
Profit for the year	<u>3,739,327</u>	<u>3,195,702</u>
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	(403,940)	(1,050,464)
Income tax on other comprehensive income	—	—
Other comprehensive income for the year	<u>(403,940)</u>	<u>(1,050,464)</u>
Total comprehensive income for the year	<u>3,335,387</u>	<u>2,145,238</u>
Attributable to:		
Owners of the Company	3,479,759	2,334,960
Non-controlling interests	(144,372)	(189,722)
Total comprehensive income for the year	<u>3,335,387</u>	<u>2,145,238</u>

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2015

	← Attributable to equity holders of the Company →							
	Share capital	Treasury shares	Statutory reserves	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2013	33,450,613	–	807,011	(3,380,073)	34,875,129	65,752,680	316,005	66,068,685
Total comprehensive income for the year								
Profit or loss	–	–	–	–	3,385,424	3,385,424	(189,722)	3,195,702
Other comprehensive income								
Exchange differences on translation of financial statements of foreign subsidiaries (net of income tax)	–	–	–	(1,050,464)	–	(1,050,464)	–	(1,050,464)
Total other comprehensive income	–	–	–	(1,050,464)	–	(1,050,464)	–	(1,050,464)
Total comprehensive income for the year	–	–	–	(1,050,464)	3,385,424	2,334,960	(189,722)	2,145,238
Transactions with owners, recorded directly in equity								
Share buyback held as treasury shares	–	(141,075)	–	–	–	(141,075)	–	(141,075)
Final tax exempt dividend paid of 0.66 cents per share in respect of year ended 30 June 2013	–	–	–	–	(1,893,846)	(1,893,846)	–	(1,893,846)
Total transactions with owners	–	(141,075)	–	–	(1,893,846)	(2,034,921)	–	(2,034,921)
Transfer between reserves	–	–	129,047	–	(129,047)	–	–	–
At 30 June 2014	33,450,613	(141,075)	936,058	(4,430,537)	36,237,660	66,052,719	126,283	66,179,002

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

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2015

	Attributable to equity holders of the Company								
	Share capital	Treasury shares	Statutory reserves	Share-based compensation reserve	Foreign currency translation reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2014	33,450,613	(141,075)	936,058	—	(4,430,537)	36,237,660	66,052,719	126,283	66,179,002
Total comprehensive income for the year									
Profit or loss	—	—	—	—	—	3,883,699	3,883,699	(144,372)	3,739,327
Other comprehensive income									
Exchange differences on translation of financial statements of foreign subsidiaries (net of income tax)	—	—	—	—	(403,940)	—	(403,940)	—	(403,940)
Total other comprehensive income	—	—	—	—	(403,940)	—	(403,940)	—	(403,940)
Total comprehensive income for the year	—	—	—	—	(403,940)	3,883,699	3,479,759	(144,372)	3,335,387
Transactions with owners, recorded directly in equity									
Share based compensation	—	—	—	269,063	—	—	269,063	—	269,063
Share buyback held as treasury shares	—	(796,320)	—	—	—	—	(796,320)	—	(796,320)
Treasury shares re-issued		126,255		(135,856)		9,601	—	—	—
Final tax exempt dividend paid of 0.72 cents per share in respect of year ended 30 June 2014	—	—	—	—	—	(2,050,326)	(2,050,326)	—	(2,050,326)
Total transactions with owners	—	(670,065)	—	133,207	—	(2,040,725)	(2,577,583)	—	(2,577,583)
Transfer between reserves	—	—	142,590	—	—	(142,590)	—	—	—
At 30 June 2015	33,450,613	(811,140)	1,078,648	133,207	(4,834,477)	37,938,044	66,954,895	(18,089)	66,936,806

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

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
Operating activities			
Profit before income tax		5,201,527	4,523,541
Adjustments for:			
Depreciation of property, plant and equipment and land use rights		4,417,281	4,653,540
Amortisation of intangible assets		358,892	358,893
Loss/(gain) on disposal of property, plant and equipment		107,036	(54,005)
Gain on disposal of investment in associate		(6,159)	–
Property, plant and equipment written off		525,233	173,044
Share based compensation expense		269,063	–
Write-back of provision for stock obsolescence		(26,065)	–
Change in fair value of quoted equity securities		(17,747)	1,795
Change in fair value of derivative financial instruments		–	(6,673)
Impairment loss on investment in associate		–	153,469
Impairment of club membership		81,200	–
Dividend income		(5,600)	(5,600)
Interest income		(60,436)	(52,043)
Interest expense		194,366	221,444
Share of results of associate		12,168	14,601
		11,050,759	9,982,006
Changes in working capital:			
Inventories		694,950	(165,427)
Trade and other receivables		(755,975)	(349,671)
Trade and other payables		2,348,828	560,239
Cash generated from operations		13,338,562	10,027,147
Income taxes paid		(1,341,902)	(1,905,534)
Cash flows from operating activities		11,996,660	8,121,613
Investing activities			
Interest received		52,118	51,455
Dividend received		5,600	5,600
Capital realised from investment in associate		200,000	100,000
Proceeds from disposal of property, plant and equipment		91,306	273,720
Purchase of property, plant and equipment		(6,528,742)	(4,146,434)
Cash flows used in investing activities		(6,179,718)	(3,715,659)
Financing activities			
Dividends paid to owners of the Company		(2,050,326)	(1,893,846)
Share buyback held as treasury shares		(796,320)	(141,075)
Interest paid		(207,962)	(213,500)
Proceeds from bank loans		7,124,340	5,908,250
Repayment of bank loans		(6,526,450)	(7,403,505)
Fixed deposits pledged with banks		(5,745)	(10,587)
Cash flows used in financing activities		(2,462,463)	(3,754,263)
Net increase in cash and cash equivalents		3,354,479	651,693
Cash and cash equivalents at beginning of year		18,435,839	18,164,172
Effect of exchange rate fluctuations on cash held		(693,858)	(380,026)
Cash and cash equivalents at end of year	13	21,096,460	18,435,839

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 August 2015.

1 Domicile and activities

Chosen Holdings Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 17 Woodlands Terrace, Woodlands East Industrial Estate, Singapore 738442.

The principal activities of the Company are those relating to investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are those relating to product design and development, mould design and fabrication, plastic injection moulding and secondary processes and final product assembly.

The consolidated financial statements for the year ended 30 June 2015 relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interest in associate.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore dollars which is the Company's functional currency.

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 31.

The Group adopted new/revised FRS and Interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

The accounting policies set out below have been applied consistently by the Group entities to all periods presented in these financial statements.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.2 Consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

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

Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associate

Associate is an entity in which the Group has significant influence, but not control, over its financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

An associate is accounted for using the equity method (equity-accounted investee) and is recognised initially at cost.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.2 Consolidation (cont'd)

Associate (cont'd)

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investee, after adjustments to align its accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. For this purpose, the latest financial statements are used. Where audited financial statements are not available, unaudited management financial statements are used.

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

Transactions eliminated on consolidation

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

Accounting for subsidiaries and associate by the Company

Investments in subsidiaries and the associate are stated in the Company's balance sheet at cost less any accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the income statement.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rates for the year which approximates exchange rates prevailing at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.3 Foreign currencies (cont'd)

Foreign operations (cont'd)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of, such that control or significant influence is lost, the cumulative amount in the foreign exchange translation reserve related to that foreign operation is reclassified to income statement as part of the gain or loss on disposal.

2.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other operating expense in the income statement.

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

Depreciation is recognised as an expense in the income statement on a straight-line basis so as to write off the items of property, plant and equipment over their estimated useful lives as follows:

Freehold building	50 years
Land use rights	Over the remaining lease period commencing 1999
Leasehold land and building	50 years or over the remaining lease period, whichever is shorter
Plant and machinery	10 years
Renovations, furniture and fittings	8 years
Office equipment	5 years
Computers	3 years
Motor vehicles	6 years
Production tools	Over units of production

Freehold land and construction in progress items are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.5 Intangible assets

Development expenditure

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the income statement as incurred.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to the income statement in the period in which it is incurred.

The Group incurs development costs when it has to apply material applications and design and production process development to its customers' products before the start of commercial production. Such development costs are capitalised as intangible assets and amortised over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Subsequent to initial recognition, internally-generated intangible assets are measured at cost less accumulated amortisation and impairment loss.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Capitalised development costs	5 – 7 years
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Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

2.6 Financial instruments

Derivative financial assets

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are recognised initially at fair value; attributable transactions costs are recognised in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in the income statement. The fair value of forward currency contracts and foreign currency option contracts are based on valuation provided by the Group's bankers.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement. The fair value of equity securities classified as held for trading is determined as the quoted bid price at the balance sheet date.

Loans and receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with maturities of less than three months from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Bank deposits that are pledged are excluded for the purpose of the cash flow statement.

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: interest bearing bank loans and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2.7 Inventories and work in progress

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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

2.8 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for receivables on a specific asset level. All receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.8 Impairment (cont'd)

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

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

2.9 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement in the periods during which related services are rendered by employees.

Share-based payments

For equity settled share-based payments, the fair value of the employee services received in exchange for the grant of performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share-based compensation reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of share that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimates due to market conditions.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.9 Employee benefits (cont'd)

Share-based payments (cont'd)

For cash-settled share-based payments, the fair value of the services received is recognised as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised for the period.

2.10 Share capital

Ordinary shares are classified as equity.

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

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

2.11 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.11 Income tax expense (cont'd)

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

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

2.12 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants, which are designated for operating expenditure, are recognised on a systematic basis in the income statement over the period necessary to match the related costs which they are intended to compensate.

2.13 Revenue recognition

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.13 Revenue recognition (cont'd)

Contract Revenue

Revenue and profit from mould fabrication contracts are recognised by the percentage of completion method. The percentage of completion is measured by reference to the stage of completion of the contract activity at the balance sheet date. An expected loss on the construction contract is recognised as an expense when it is probable that total costs will exceed total contract revenue. Provision for foreseeable loss on uncompleted contracts is made in the year in which such losses are determined.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus representing amounts due from customers is shown as 'unbilled receivables' and included under 'trade and other receivables'.

Dividends

Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Interest income

Interest income from bank deposits is recognised on an effective interest basis.

2.14 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the terms of the leases. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Operating leases are not recognised in the Group's balance sheet.

2.15 Finance costs

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred, using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

2 Summary of significant accounting policies (cont'd)

2.16 Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

2.17 Earnings per share

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

2.18 Segment reporting

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

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

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

3 Property, plant and equipment

	Freehold land and building \$	Leasehold land and building \$	Plant and machinery \$	Renovations, furniture and fittings \$	Office equipment \$	Computers \$	Motor vehicles \$	Production tools \$	Construction in progress \$	Total \$
Group										
Cost										
At 1 July 2013	4,573,325	9,341,727	58,500,443	6,640,882	509,840	2,498,997	1,356,488	6,764,849	1,893,451	92,080,002
Translation difference	(150,078)	(134,182)	(1,018,601)	(94,622)	(9,751)	(33,603)	(11,869)	–	–	(1,452,706)
Additions	–	–	1,312,299	360,490	75,692	314,985	760,926	–	1,486,435	4,310,827
Disposals	–	–	(1,343,839)	(389,024)	(18,238)	(464,144)	(396,457)	–	–	(2,611,702)
Write-offs	–	–	(597,006)	(18,960)	(29,843)	(110,744)	–	(163,071)	–	(919,624)
At 30 June 2014	4,423,247	9,207,545	56,853,296	6,498,766	527,700	2,205,491	1,709,088	6,601,778	3,379,886	91,406,797
At 1 July 2014	4,423,247	9,207,545	56,853,296	6,498,766	527,700	2,205,491	1,709,088	6,601,778	3,379,886	91,406,797
Translation difference	(166,123)	453,861	363,223	25,936	11,185	65,759	12,197	–	54,052	820,090
Additions	–	1,626,310	3,084,743	137,772	59,256	156,422	492,635	–	705,592	6,262,730
Transfer	–	–	–	–	–	–	–	1,374,645	(1,374,645)	–
Disposals	–	(2,433)	(3,384,732)	(284,530)	(82,568)	(201,856)	(202,660)	–	–	(4,158,779)
Write-offs	–	–	(285,027)	(5,203)	(14,073)	(27,235)	–	(104,858)	(518,806)	(955,202)
At 30 June 2015	4,257,124	11,285,283	56,631,503	6,372,741	501,500	2,198,581	2,011,260	7,871,565	2,246,079	93,375,636
Accumulated depreciation										
At 1 July 2013	594,342	3,496,258	43,607,328	5,482,776	407,564	2,280,683	1,119,956	2,881,726	–	59,870,633
Translation difference	(23,136)	(35,118)	(712,236)	(80,966)	(7,872)	(31,503)	(6,872)	–	–	(897,703)
Depreciation charge for the year	60,139	242,961	3,342,492	411,879	42,064	219,088	91,562	215,274	–	4,625,459
Disposals	–	–	(1,127,666)	(388,189)	(16,719)	(464,067)	(395,346)	–	–	(2,391,987)
Write-offs	–	–	(588,408)	(18,910)	(28,850)	(110,361)	–	(51)	–	(746,580)
At 30 June 2014	631,345	3,704,101	44,521,510	5,406,590	396,187	1,893,840	809,300	3,096,949	–	60,459,822
At 1 July 2014	631,345	3,704,101	44,521,510	5,406,590	396,187	1,893,840	809,300	3,096,949	–	60,459,822
Translation difference	(16,503)	123,051	36,560	16,699	9,600	58,812	3,200	–	–	231,419
Depreciation charge for the year	60,197	252,996	3,075,958	249,423	48,487	216,137	190,352	294,981	–	4,388,531
Disposals	–	(502)	(3,293,849)	(283,914)	(82,514)	(201,856)	(202,660)	–	–	(4,065,295)
Write-offs	–	–	(278,675)	(5,166)	(14,073)	(27,196)	–	–	–	(325,110)
At 30 June 2015	675,039	4,079,646	44,061,504	5,383,632	357,687	1,939,737	800,192	3,391,930	–	60,689,367
Carrying amounts										
At 1 July 2013	3,978,983	5,845,469	14,893,115	1,158,106	102,276	218,314	236,532	3,883,123	1,893,451	32,209,369
At 30 June 2014	3,791,902	5,503,444	12,331,786	1,092,176	131,513	311,651	899,788	3,504,829	3,379,886	30,946,975
At 1 July 2014	3,791,902	5,503,444	12,331,786	1,092,176	131,513	311,651	899,788	3,504,829	3,379,886	30,946,975
At 30 June 2015	3,582,085	7,205,637	12,569,999	989,109	143,813	258,844	1,211,068	4,479,635	2,246,079	32,686,269

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

3 Property, plant and equipment (cont'd)

	Computers \$	Motor vehicles \$	Total \$
Company			
Cost			
At 1 July 2013	86,476	548,020	634,496
Additions	–	617,840	617,840
Disposals	–	(372,403)	(372,403)
At 30 June 2014	86,476	793,457	879,933
At 1 July 2014	86,476	793,457	879,933
Additions	999	261,786	262,785
Disposals	(9,338)	(175,617)	(184,955)
At 30 June 2015	78,137	879,626	957,763
Accumulated depreciation			
At 1 July 2013	70,391	548,020	618,411
Depreciation charge for the year	11,931	30,679	42,610
Disposals	–	(372,403)	(372,403)
At 30 June 2014	82,322	206,296	288,618
At 1 July 2014	82,322	206,296	288,618
Depreciation charge for the year	4,246	110,245	114,491
Disposals	(9,338)	(175,617)	(184,955)
At 30 June 2015	77,230	140,924	218,154
Carrying amounts			
At 1 July 2013	16,085	–	16,085
At 30 June 2014	4,154	587,161	591,315
At 1 July 2014	4,154	587,161	591,315
At 30 June 2015	907	738,702	739,609

4 Subsidiaries

	Company	
	2015 \$	2014 \$
Unquoted shares, at cost	21,049,448	21,049,448

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

4 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group	
		2015 %	2014 %
⁽¹⁾ Chosen Plastic Pte Ltd and its subsidiaries:	Singapore	100	100
⁽¹⁾ Synertac Pte Ltd	Singapore	100	100
⁽¹⁾ Chosen Technologies Pte Ltd	Singapore	100	100
⁽¹⁾ Chosen Dzios Pte Ltd	Singapore	100	100
⁽²⁾ Chosen Plastic Sdn. Bhd. and its subsidiary:	Malaysia	100	100
⁽²⁾ Chosen Manufacturing Sdn. Bhd.	Malaysia	100	100
⁽¹⁾ Chosen Investment Pte Ltd and its subsidiaries:	Singapore	100	100
^{(3),(4)} Chosen Enterprise (Shanghai) Co., Ltd.	People's Republic of China	100	100
⁽¹⁾ Chosen Electronics Assembly (Singapore) Pte Ltd and its subsidiary:	Singapore	100	100
^{(3),(4)} Chosen Electronics Assembly (Shanghai) Co., Ltd.	People's Republic of China	100	100
^{(3),(4)} Chosen Enterprise (Dongguan) Co., Ltd.	People's Republic of China	100	100
^{(3),(4)} Chosen Moulding & Assembly (Wuxi) Co., Ltd	People's Republic of China	100	100
⁽¹⁾ Symbonic Pte Ltd	Singapore	80	80
⁽²⁾ Chosen (Thailand) Company Limited	Thailand	100	100

⁽¹⁾ Audited by KPMG LLP Singapore.

⁽²⁾ Audited by other member firms of KPMG International.

⁽³⁾ Audited by another firm of auditors, Shanghai LSC Certified Public Accountants Co., Ltd.

⁽⁴⁾ The subsidiaries are required to have a financial year ending 31 December each year in the People's Republic of China. The Company has obtained an approval from the Accounting and Corporate Regulatory Authority ("ACRA") under Section 200(3) and (4) of the Companies Act authorising the subsidiaries to have a financial year end which do not coincide with the financial year end of the Company. The consolidated financial statements of the Group include the non-statutory results and financial position of the subsidiaries as at 30 June 2014 audited/reviewed by member firm of KPMG International for consolidation purposes.

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company has confirmed that they are satisfied that the appointment of different auditors for its subsidiaries has not compromised the standard and effectiveness of the audit of the Group.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

5 Associate

	2015 \$	Group 2014 \$
Interest in associate	–	206,009

The value of investment in the previous financial year represents the recoverable amount of the Group's investment in its associate determined using fair value less costs to sell and was estimated based on the expected capital return on its investment in the next twelve months.

During the year, Chosen Investment Pte Ltd, a wholly-owned subsidiary of the Group, transferred all of the shares that it held in the associated company to the remaining shareholder upon the receipt of \$300,000 from him. As a result, the Group does not hold any equity interest in Gashub as at 30 June 2015 and ceased equity accounting from the date of disposal.

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective equity held by the Group	
		2015 %	2014 %
Gashub Technology Pte Ltd	Singapore	–	40

The associate is audited by KPMG LLP Singapore.

The summarised financial information relating to the associate is not adjusted for the percentage of ownership held by the Group and is based on the unaudited management financial statements for the year ended 30 June 2014. As the 30 June 2014 financial information is the most recent available financial statements, the Group utilised this financial information in lieu of 2015 financial information on a pro-rated basis, for purposes of the application of equity accounting the associate's results up to the date Gashub ceased to be an associate (24 April 2015).

	2014 \$
Assets and liabilities	
Total assets	170,655
Total liabilities	149,768
Results	
Revenue	417,044
Loss after tax	(36,503)

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

6 Intangible assets

	Intangible assets \$
Group	
Cost	
At 1 July 2013, 30 June 2014 and 30 June 2015	1,405,655
Accumulated amortisation	
At 1 July 2013	185,621
Amortisation for the year	358,893
At 30 June 2014	544,514
At 1 July 2014	544,514
Amortisation for the year	358,892
At 30 June 2015	903,406
Carrying amount	
At 1 July 2013	1,220,034
At 30 June 2014	861,141
At 1 July 2014	861,141
At 30 June 2015	502,249

Intangible assets relate to development costs relating to material applications and development of design and production processes.

Amortisation charge

The amortisation of development costs is included in cost of sales as inventory is sold.

7 Deferred tax

Movements in deferred tax (assets)/liabilities during the year are as follows:

	At 1 July 2013 \$	(Credited)/ Charged to income statement (note 22) \$	Translation difference \$	At 30 June 2014 \$
Group				
Deferred tax liabilities				
Property, plant and equipment	2,003,847	(252,878)	(16,852)	1,734,117
Intangible assets	73,111	(43,330)	–	29,781
	2,076,958	(296,208)	(16,852)	1,763,898
Deferred tax assets				
Provisions and allowances	(66,193)	(7,398)	658	(72,933)
Unutilised tax losses	(993,305)	(40,078)	–	(1,033,383)
Unutilised reinvestment allowance	(242,183)	(89,818)	5,494	(326,507)
Others	(2,733)	(4,187)	(108)	(7,028)
	(1,304,414)	(141,481)	6,044	(1,439,851)

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

7 Deferred tax (cont'd)

	At 1 July 2014 \$	(Credited)/ Charged to income statement (note 22) \$	Translation difference \$	At 30 June 2015 \$
Group				
Deferred tax liabilities				
Property, plant and equipment	1,734,117	(256,928)	(33,289)	1,443,900
Intangible assets	29,781	10,837	–	40,618
Others	–	162,350	(10,025)	152,325
	<u>1,763,898</u>	<u>(83,741)</u>	<u>(43,314)</u>	<u>1,636,843</u>
Deferred tax assets				
Provisions and allowances	(72,933)	47,654	194	(25,085)
Unutilised tax losses	(1,033,383)	37,103	–	(996,280)
Unutilised tax incentives	(326,507)	157,977	1,189	(167,341)
Others	(7,028)	(4,008)	(1,167)	(12,203)
	<u>(1,439,851)</u>	<u>238,726</u>	<u>216</u>	<u>(1,200,909)</u>

	At 1 July 2013 \$	Charged to income statement \$	At 30 June 2014 \$	Charged to income statement \$	At 30 June 2015 \$
Company					
Other items (net)	(4,775)	(2,714)	(7,489)	(4,560)	(12,049)

The unutilised reinvestment allowances and unutilised tax losses are available for offset against future taxable income subject to agreement with the relevant tax authorities and tax conditions prevailing in their respective countries.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to income taxes levied by the same taxation authority. The deferred tax liabilities and assets, determined after appropriate offsetting are as follows:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
Deferred tax liabilities	1,094,649	1,061,493	–	–
Deferred tax assets	<u>(658,715)</u>	<u>(737,446)</u>	<u>(12,049)</u>	<u>(7,489)</u>

At 30 June 2015, the Group has deferred tax assets amounting to \$1,163,619 (2014: \$711,811) in relation to unutilised tax losses of subsidiaries which had suffered loss in the financial year. The deferred tax assets were recognised on the basis of profit forecasts of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

7 Deferred tax (cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Tax losses	2,586,843	3,721,415	–	–

Tax losses of \$1,961,908 expired in the year ended 30 June 2015 (2014: \$692,984). The availability of the remaining tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

8 Other long-term assets

	Note	Group		Company	
		2015	2014	2015	2014
		\$	\$	\$	\$
Club membership		243,800	325,000	157,900	185,000
Land use rights	(a)	1,024,970	977,370	–	–
Other assets	(b)	2,916,967	–	–	–
		4,185,737	1,302,370	157,900	185,000

- (a) The Group has land use rights over a plot of land in the People's Republic of China where the Group's manufacturing facilities resides. The land use rights has a tenure of 35 years (2014: 36 years).

	Land use rights
	\$
Group	
Cost	
At 1 July 2013	1,405,436
Translation difference	(32,082)
At 30 June 2014	1,373,354
At 1 July 2014	1,373,354
Translation difference	108,530
At 30 June 2015	1,481,884
Accumulated depreciation	
At 1 July 2013	377,125
Depreciation for the year	28,081
Translation difference	(9,222)
At 30 June 2014	395,984
At 1 July 2014	395,984
Depreciation for the year	28,750
Translation difference	32,180
At 30 June 2015	456,914

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

8 Other long-term assets (cont'd)

(a)	Land use rights \$
Carrying amounts	
At 1 July 2013	1,028,311
At 30 June 2014	977,370
At 1 July 2014	977,370
At 30 June 2015	1,024,970
(b) This relates to the purchase consideration for the acquisition of land and building in Chonburi, Thailand. The acquisition was completed after year end.	

9 Inventories

	2015 \$	Group 2014 \$
Raw materials	6,478,509	6,932,167
Work-in-progress	1,801,934	1,774,831
Finished goods	4,724,807	4,993,202
	13,005,250	13,700,200
Allowance for inventory obsolescence	–	(26,065)
	13,005,250	13,674,135
	2015 \$	Group 2014 \$
Inventories recognised as an expense in cost of sales	64,344,169	65,627,718
Inclusive of the following charge		
– Allowance for inventory obsolescence written back	26,065	–

10 Trade and other receivables

	2015 \$	Group 2014 \$	2015 \$	Company 2014 \$
Trade receivables	27,891,083	26,681,886	–	–
Allowance for impairment loss	–	–	–	–
Net trade receivables	27,891,083	26,681,886	–	–
Unbilled receivables	1,150,299	1,652,508	–	–
GST recoverable	226,326	253,658	–	–
Deposits	540,736	663,079	–	–
Interest receivable	18,860	10,542	12,230	3,936
Other receivables	139,247	229,658	–	–
Loans and receivables	29,966,551	29,491,331	12,230	3,936
Tax recoverable	–	128,532	–	–
Prepayments	523,771	234,699	58,090	5,633
	30,490,322	29,854,562	70,320	9,569

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

10 Trade and other receivables (cont'd)

As at balance sheet date, aggregate costs incurred under open tooling contracts and recognised profits, net of recognised losses, amounted to \$708,885 (2014: \$822,219) for the Group.

At the balance sheet date, approximately 51% (2014: 36%) of the Group's trade receivables were due from 5 major customers, which are multi-national companies.

The ageing of loans and receivables at the reporting date is:

	Gross 2015 \$	Impairment 2015 \$	Gross 2014 \$	Impairment 2014 \$
Group				
Not past due	22,578,331	–	20,189,544	–
Past due less than 3 months	7,013,207	–	8,225,427	–
Past due more than 3 months and less than 6 months	351,219	–	622,236	–
Past due more than 6 months	23,794	–	454,124	–
	<u>29,966,551</u>	<u>–</u>	<u>29,491,331</u>	<u>–</u>
Company				
Not past due	<u>12,230</u>	<u>–</u>	<u>3,936</u>	<u>–</u>

Trade receivables that are neither past-due nor impaired relate mainly to companies with good collection track record with the Group. Trade receivables that are past due are individually assessed and impairment allowance is made for debtors that are in financial difficulties and have defaulted on payments. Based on historical default rates, the Group believes that no further impairment allowance is necessary in respect of these trade receivables as they relate to customers that have a good payment record with the Group.

11 Amounts due from subsidiaries

	2015 \$	Company 2014 \$
Trade	16,413,740	15,476,595
Non-trade	1,793,700	2,106,263
Amounts due from subsidiaries	<u>18,207,440</u>	<u>17,582,858</u>

The non-trade amounts due from subsidiaries are unsecured, interest free, not past due and repayable on demand. There is no allowance for doubtful debts arising on the outstanding balances.

12 Other financial assets

	2015 \$	Group 2014 \$
Quoted equity securities, held-for-trading	<u>156,134</u>	<u>138,387</u>

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

12 Other financial assets (cont'd)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method as at 30 June 2015. The different levels have been defined as follows:

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Group				
30 June 2015				
Quoted equity securities, at fair value through profit or loss	156,134	—	—	156,134
30 June 2014				
Quoted equity securities, at fair value through profit or loss	138,387	—	—	138,387

There is no transfer between levels during the year.

13 Cash and cash equivalents

	2015 \$	Group 2014 \$	2015 \$	Company 2014 \$
Cash at bank and in hand	17,261,565	13,440,924	3,056,045	1,541,245
Fixed deposits with banks and non-bank financial institutions	4,041,432	5,195,707	3,518,465	4,667,593
	21,302,997	18,636,631	6,574,510	6,208,838
Fixed deposits pledged to a bank	(206,537)	(200,792)		
Cash and cash equivalents in consolidated statement of cash flows	21,096,460	18,435,839		

Fixed deposits of the Group amounting to \$206,537 (2014: \$200,792) are pledged to banks for banker guarantees granted to certain subsidiaries.

The effective interest rates per annum relating to cash and cash equivalents at the balance sheet date for the Group and the Company range from 0.05% to 3.3% (2014: 0.05% to 3.15%) and from 0.05% to 1.3% (2014: 0.05% to 0.9%) respectively. Interest rates reprice within a period of twelve months.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

14 Share capital

	Group and Company	
	2015	2014
	No. of	No. of
	shares	shares
Fully paid ordinary shares, with no par value:		
As at 1 July	285,870,424	286,946,424
Treasury shares purchased during the year	(4,998,200)	(1,076,000)
Treasury shares reissued under Performance Share Award during the year	849,103	—
As at 30 June	<u>281,721,327</u>	<u>285,870,424</u>

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

Treasury shares

During the current financial year, the Company acquired 4,998,200 (2014: 1,076,000) of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was \$796,320 (2014: \$141,075). The shares, held as treasury shares, were included as deduction against shareholders' equity. As at 30 June 2015, the Company held 5,225,097 treasury shares (2014: 1,076,000).

The Company re-issued 849,103 (2014: NIL) treasury shares during the financial year for the fulfilment of share awards vested under the PSA scheme at a total value of \$126,255 (2014: NIL).

Capital management

The Board defines capital as total shareholders' equity, excluding non-controlling interests.

The Group manages its capital to ensure that the Group will be able to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The capital structure of the Group consists of debt and equity attributable to equity holders, comprising issued capital, reserves, retained earnings and bank loans excluding non-controlling interests.

The Board reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions, investment requirements and the risk characteristics of the underlying assets.

There were no changes in the Group's approach to capital management during the year.

As disclosed in Note 15, certain subsidiaries of the Group are required by statutory regulations in China and Thailand to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant authorities. This externally imposed requirement has been complied with by all the relevant subsidiaries for the financial year ended 30 June 2015.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

15 Reserves

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Statutory reserves	1,078,648	936,058	–	–
Share-based compensation reserve	133,207	–	133,207	–
Foreign currency translation reserve	(4,834,477)	(4,430,537)	–	–
Accumulated profits	37,938,044	36,237,660	12,511,064	11,287,175
	<u>34,315,422</u>	<u>32,743,181</u>	<u>12,644,271</u>	<u>11,287,175</u>

Statutory reserves

Statutory reserves comprise the following:

- The wholly foreign-owned entities in the People's Republic of China (PRC) follow the accounting principles and relevant financial regulations of the PRC (PRC GAAP) applicable to wholly foreign-owned enterprises in the preparation of its statutory financial statements. The subsidiaries are required to appropriate 10% of their profits arrived at under PRC GAAP for each year to a statutory reserve. The appropriation is required until the statutory reserve reaches 50% of the registered capital of the subsidiaries. This statutory reserve is not distributable in the form of cash dividends.
- Under the provisions of Civil and Commercial Code, the Thailand subsidiary is required to allocate not less than 5% of its net profit to a reserve account upon each dividend distribution until the balance reaches an amount of not less than 10% of the registered authorised capital. This reserve is not available for dividend distribution.

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations when the measurement currency is different from that of the Company.

Share-based compensation reserve

Share-based compensation reserve comprises the fair value of employee services received on grant of performance shares. The expense for service received is recognised over the vesting period.

16 Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade payables and accrued operating expenses	23,901,487	21,632,036	1,527,532	1,037,804
Amounts due to suppliers for purchase of property, plant and equipment	3,376,032	725,077	–	–
Interest payable	20,632	34,228	–	–
Other payables	271,945	192,569	–	–
	<u>27,570,096</u>	<u>22,583,910</u>	<u>1,527,532</u>	<u>1,037,804</u>

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

17 Interest-bearing bank loans (unsecured)

The contractual terms of the Group's interest-bearing bank loans are as follows:

	2015 \$	2014 \$
Group		
Short-term bank loans	7,124,340	6,108,250

The effective interest rates per annum relating to interest-bearing bank loans at the balance sheet date and the periods in which they mature or reprice, whichever is earlier, are as follows:

	Effective interest rate %	Total \$	Within 1 year \$
Group			
2015			
Financial liabilities			
Short-term bank loans	2.49 – 3.15%	7,124,340	7,124,340
2014			
Financial liabilities			
Short-term bank loans	2.00 – 3.08%	6,108,250	6,108,250

18 Revenue

	2015 \$	Group 2014 \$
Sale of plastic injection components	107,826,470	111,341,912
Sale of moulds	9,415,705	6,466,814
	117,242,175	117,808,726

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

19 Profit before income tax

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

	Note	2015 \$	Group 2014 \$
(a) Other income			
Exchange gain		160,376	23,340
Dividend income from quoted equity securities		5,600	5,600
Gain on disposal of property, plant and equipment		–	54,005
Gain on disposal of investment in associate		6,159	–
Interest income from bank deposits		60,436	52,043
Income from government grant		253,081	173,993
Net change in fair value of financial assets at fair value through profit or loss		17,747	–
Change in fair value of derivative financial instruments		–	6,673
Insurance recovery as a result of the Thailand Flood in FY 2012		–	36,919
Others		357,005	560,093
		<u>860,404</u>	<u>912,666</u>
(b) Other expenses			
Loss on disposal of property, plant and equipment		107,036	–
Impairment of club membership		81,200	–
Impairment loss on investment in associate		–	153,469
Net change in fair value of financial assets at fair value through profit or loss		–	1,795
Audit fees paid to:			
– auditors of the Company		118,676	108,100
– other auditors		109,993	106,474
Non-audit fees paid to:			
– auditors of the Company		41,200	36,700
– other auditors		13,581	18,257
Operating lease expenses		1,918,727	1,750,077
Property, plant and equipment written off		525,233	173,044
Directors' fee		254,441	189,000
Key management personnel compensation included in staff cost			
– Remuneration		1,825,385	1,695,465
– Shared based compensation		193,997	–
– Benefits-in-kind		46,875	59,027
Staff costs		25,217,889	23,660,357
Share based compensation expense included in staff costs	20	269,063	–
Contributions to defined contribution plans included in staff costs		<u>2,432,526</u>	<u>2,085,118</u>

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

20 Equity compensation benefits

Performance Share Award Scheme

The Chosen Holdings Limited Performance Share Award Scheme (the "PSA Scheme") was approved by the shareholders of the Company at the Extraordinary General Meeting held on 25 October 2010.

Persons eligible to participate in the PSA Scheme are selected Group employees and employees of associated companies as the PSA Scheme Committee may determine and non-executive directors of the Company and/or its subsidiaries.

Awards initially granted under the PSA Scheme may be performance and/or service based.

The PSA Scheme contemplates the award of fully-paid ordinary shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions (if any) and/or service periods, are met upon the expiry of the prescribed vesting periods.

As at the end of the financial year, details of the number of performance shares granted under the Scheme are as follows:

2015:

Date of grant	Balance at 1 July 2014	Adjusted	Granted	Vested	(Forfeiture)	Other adjustments	Balance at 30 June 2015
1 September 2014	–	–	2,547,310	(849,103)	(84,976)	–	1,613,231

Prior to the current financial year, there were no shares granted under the Scheme.

Equity-settled shared based payment arrangements

In the current financial year, the performance shares were granted upon the achievement of pre-determined profitability targets. The vesting of the shares is based on pre-determined service conditions to be met. For share awards granted to non-executive Directors, the vesting of those shares is conditional on their continual appointment as Directors of the Company over the vesting period.

The fair value of the performance shares is determined at grant date using the Company's share price as at grant date adjusted for the average dividend yield of the past 3 years before the grant date as follows:

Date of grant	Vesting date	Number of shares	Fair value per share \$	Expected dividend yield ⁽¹⁾ %	Share price at grant date \$
1 September 2014	October 2014	849,103	0.16	NA ⁽²⁾	0.16
1 September 2014	October 2015	849,103	0.15	6.2	0.16
1 September 2014	October 2016	849,104	0.14	6.2	0.16

(1) Based on average dividend yield of the past 3 years before the grant date.

(2) Not applicable as the shares awarded was entitled to dividends.

During the current financial year, the Group recognised \$269,063 (2014: \$nil) of share-based compensation expense in respect of performance shares based on the fair values determined on grant date and estimation of the share grants that will ultimately vest.

NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 30 JUNE 2015

21 Finance costs

	2015 \$	Group 2014 \$
Interest paid and payable to banks	194,366	221,444

22 Income tax expense

	2015 \$	Group 2014 \$
Current tax expense		
Current year	1,270,000	1,786,378
Under/(Over) provision in respect of prior years	37,215	(20,850)
	1,307,215	1,765,528
Deferred tax expense/(credit)		
Current year	159,426	(594,509)
(Over)/Under provision in respect of prior years	(4,441)	156,820
	154,985	(437,689)
Total income tax expense in profit or loss	1,462,200	1,327,839
Reconciliation of effective tax rate		
Profit before income tax	5,201,527	4,523,541
Tax calculated using Singapore tax rate of 17%	884,261	769,001
Effect of tax rates in foreign jurisdictions	416,507	491,637
Effect of reduction in tax rates	(1,910)	(18,439)
Non-deductible expenses	296,028	142,662
Unrecognised tax losses	291,581	220,303
Utilisation of previously unrecognised tax losses	(95,729)	(66,134)
Tax incentives	(118,913)	(480,593)
Non-taxable income	(79,259)	(47,283)
Under provision in respect of prior years	32,774	135,970
Others	(163,140)	180,715
	1,462,200	1,327,839

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

23 Earnings per share

	2015 \$	Group 2014 \$
The basic earnings per share is based on:		
Profit for the year attributable to shareholders of the Company	3,883,699	3,385,424
	No. of shares	No. of shares
Weighted average number of shares in issue during the year	283,950,784	286,596,257
	2015 \$	Group 2014 \$
The diluted earnings per share is based on:		
Profit for the year attributable to shareholders of the Company	3,883,699	3,385,424
	No. of shares	No. of shares
Weighted average number of shares in issue during the year (basic)	283,950,784	286,596,257
Effects of weighted average number of performance share awards not released	1,344,359	—
Weighted average number of shares in issue during the year (diluted)	285,295,143	286,596,257

24 Commitments

As at the balance sheet date, the Group had the following commitments:

(a) Operating lease commitment

- (i) The Group has a land lease commitment with Jurong Town Corporation ("JTC") for a duration of 30 years expiring in 2026. The Group has the option to extend the lease for another 30 years upon the expiration of the initial term in 2026. The total current annual land rent payable is \$123,645 (2014: \$117,188) subject to an annual revision not exceeding 5.5% (2014: 5.5%) of the previous year's rental.
- (ii) The Group leases its offices, warehouses and factory facilities under operating leases. The leases typically run for an initial period between one to five years. Minimum lease payments under these non-cancellable operating leases with a term of more than one year are as follows:

	2015 \$	Group 2014 \$
Payable:		
Within one year	1,509,112	1,781,332
Within two to five years	1,561,827	2,583,895
	3,070,939	4,365,227

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

24 Commitments (cont'd)

(b) Capital commitment

	2015 \$	Group 2014 \$
Capital contribution in associate	–	1,000,000
Capital expenditure contracted but not provided for	449,386	433,540

25 Financial risk management

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. 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 market conditions and the Group's activities.

The Group is exposed to a variety of financial risks, comprising credit, liquidity and market risk (including interest rate and currency risk) in the normal course of the Group's business. The manner in which the Group manages each of these risks is summarised below:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and generally does not require collaterals from customers. The Group's credit exposure and the creditworthiness of its counterparties are monitored on an ongoing basis. Customers are also assessed based on their historical payment records. Where necessary, customers may be requested to provide advance payment before goods are delivered or services are rendered.

The maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade receivables and bank balances and fixed deposits. Trade receivables of the Group are mainly due from contract manufacturers operating in the electronics industry and with good collection track record with the Group. Cash balances and fixed deposits are placed with reputable banks and financial institutions which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of business, the Group also maintains flexibility in funding by ensuring that ample credit facilities and working capital lines are available at any point in time.

The following are the expected contractual cash flows of financial liabilities, including interest payments and excluding the impact of netting agreements.

NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 30 JUNE 2015

25 Financial risk management (cont'd)

Liquidity risk (cont'd)

	Carrying amount \$	Contractual cash flows (including interest payments)	
		Total \$	Within 1 year \$
Group			
2015			
Non-derivative financial liabilities			
Trade and other payables	27,570,096	27,570,096	27,570,096
Interest-bearing bank loans	7,124,340	7,148,719	7,148,719
	<u>34,694,436</u>	<u>34,718,815</u>	<u>34,718,815</u>
2014			
Non-derivative financial liabilities			
Trade and other payables	22,583,910	22,583,910	22,583,910
Interest-bearing bank loans	6,108,250	6,119,287	6,119,287
	<u>28,692,160</u>	<u>28,692,160</u>	<u>28,692,160</u>
Company			
2015			
Non-derivative financial liabilities			
Trade and other payables	1,527,532	1,527,532	1,527,532
	<u>1,527,532</u>	<u>1,527,532</u>	<u>1,527,532</u>
2014			
Non-derivative financial liabilities			
Trade and other payables	1,037,804	1,037,804	1,037,804
	<u>1,037,804</u>	<u>1,037,804</u>	<u>1,037,804</u>

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return of risk.

Interest rate risk

The Group's exposure to interest rate risk arises primarily from its bank deposits and bank borrowings. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group has cash balances and fixed deposits placed with banks and financial institutions. Those deposits are generally with short term maturities to provide the Group the flexibility to meet working capital and other investment needs. The Group's borrowings for short term working capital requirements are repriced at intervals of not more than 12 months.

Sensitivity analysis

At balance sheet date, a hypothetical 100 basis points movement in the re-pricing of interest rate, with all other variables held constant, will have an insignificant net impact on the profit before tax for the Group and Company.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

25 Financial risk management (cont'd)

Foreign currency risk

Foreign exchange exposures are naturally hedged as a significant portion of the Group's trade sales and purchases are primarily denominated in the same currency. This reduces the impact of movements in foreign exchange rates. The Group is a net receiver of the US dollar and therefore benefits from a stronger US dollar and is adversely affected by a weaker US dollar relative to the functional currencies of the companies in the Group.

The Group uses forward foreign exchange structures to minimise its net foreign currency exposures in the management of foreign exchange risk on monetary balances and forecast sales. These derivative financial instruments are used for hedging and not for speculative trading purposes.

The Group's and Company's exposures to US dollar as at 30 June 2015 and 30 June 2014 are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade and other receivables	25,350,313	23,318,373	–	–
Amounts due from subsidiaries	–	–	673,700	986,263
Cash and cash equivalents	8,370,102	7,324,762	2,006,565	48,873
Trade and other payables	(12,848,530)	(8,576,779)	–	–
Interest bearing bank loan	(5,524,340)	(5,308,250)	–	–
	15,347,545	16,758,106	2,680,265	1,035,136

Sensitivity analysis

A 5% strengthening of Singapore dollar against US dollars at the reporting date, with all other variables held constant, will result in a decrease in the Group's profit before tax of \$0.7 million (2014: \$0.8 million) and the Company's profit before tax of \$0.1 million (2014: \$0.05 million). Conversely, a 5% weakening of Singapore dollar against US dollar will result in an opposite impact on profit before tax of a similar amount. There is no impact on the equity of the Group and Company.

Accounting classifications and fair values

	Note	Trading - at fair value \$	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Group						
30 June 2015						
Trade and other receivables	10	–	29,966,551	–	29,966,551	29,966,551
Other financial assets	12	156,134	–	–	156,134	156,134
Cash and cash equivalents	13	–	21,302,997	–	21,302,997	21,302,997
		156,134	51,269,548	–	51,425,682	51,425,682
Trade and other payables	16	–	–	(27,570,096)	(27,570,096)	(27,570,096)
Interest-bearing bank loans (unsecured)	17	–	–	(7,124,340)	(7,124,340)	(7,124,340)
		–	–	(34,694,436)	(34,694,436)	(34,694,436)

NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 30 JUNE 2015

25 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

	Note	Trading - at fair value \$	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Group						
30 June 2014						
Trade and other receivables	10	–	29,491,331	–	29,491,331	29,491,331
Other financial assets	12	138,387	–	–	138,387	138,387
Cash and cash equivalents	13	–	18,636,631	–	18,636,631	18,636,631
		138,387	48,127,962	–	48,266,349	48,266,349
Trade and other payables	16	–	–	(22,583,910)	(22,583,910)	(22,583,910)
Interest-bearing bank loans (unsecured)	17	–	–	(6,108,250)	(6,108,250)	(6,108,250)
		–	–	(28,692,160)	(28,692,160)	(28,692,160)

	Note	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
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Company

30 June 2015

Trade and other receivables	10	12,230	–	12,230	12,230
Amount due from subsidiaries	11	18,207,440	–	18,207,440	18,207,440
Cash and cash equivalents	13	6,574,510	–	6,574,510	6,574,510
		24,794,180	–	24,794,180	24,794,180
Trade and other payables	16	–	1,527,532	1,527,532	1,527,532

30 June 2014

Trade and other receivables	10	3,936	–	3,936	3,936
Amount due from subsidiaries	11	17,582,858	–	17,582,858	17,582,858
Cash and cash equivalents	13	6,208,838	–	6,208,838	6,208,838
		23,795,632	–	23,795,632	23,795,632
Trade and other payables	16	–	1,037,804	1,037,804	1,037,804

Fair values of financial assets and liabilities

The carrying values of the financial assets and financial liabilities carried at amortised cost approximate their fair values as they are short term in nature or reprice within 12 months. The fair values of quoted investments are determined directly by reference to their quoted bid prices as at balance sheet date.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

25 Financial risk management (cont'd)

Operating segments

Management determines the operating segments based on the internal reports reviewed and used by the Company's CEO on at least a quarterly basis for strategic decisions making and resources allocation. Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business activities. Segment assets are based on geographical location of the assets. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

(a) Business segments

The Group's business comprises predominantly one business segment which is the mould fabrication and manufacture of plastic injection components.

(b) Geographical segments

	Singapore \$'000	China \$'000	Thailand \$'000	Malaysia \$'000	Elimination \$'000	Consolidated \$'000
2015						
Revenue and expenses						
Total revenue from						
external customers	50,715	35,653	11,666	19,208	–	117,242
Inter-segment revenue	5,928	4,394	39	5,397	(15,758)	–
Total revenue	56,643	40,047	11,705	24,605	(15,758)	117,242
Segment results	1,273	992	467	2,676	–	5,408
Unallocated expenses:						
– finance costs						(194)
Share of results of						
associate	(12)	–	–	–	–	(12)
Income tax						(1,462)
Profit for the year						3,740

NOTES TO THE FINANCIAL STATEMENT
YEAR ENDED 30 JUNE 2015

25 Financial risk management (cont'd)

Operating segments (cont'd)

(b) **Geographical segments (cont'd)**

	Singapore \$'000	China \$'000	Thailand \$'000	Malaysia \$'000	Elimination \$'000	Consolidated \$'000
2015						
Assets and liabilities						
Segments assets	41,447	32,915	14,102	13,865	–	102,329
Unallocated assets:						
– deferred tax assets						659
						<u>102,988</u>
Segments liabilities						
Unallocated liabilities:	18,538	7,953	4,132	4,071	–	34,694
– current tax payable						262
– deferred tax liabilities						1,095
						<u>36,051</u>
Other segmental information						
Depreciation	1,234	1,544	790	849	–	4,417
Capital expenditure	2,665	735	3,981	340	–	7,721
Amortisation of intangible assets	96	263	–	–	–	359
Write off on property, plant and equipment	519	–	–	6	–	525
2014						
Revenue and expenses						
Total revenue from external customers	36,418	45,854	18,079	17,458	–	117,809
Inter-segment revenue	3,386	3,218	22	3,896	(10,522)	–
Total revenue	<u>39,804</u>	<u>49,072</u>	<u>18,101</u>	<u>21,354</u>	<u>(10,522)</u>	<u>117,809</u>
Segment results	179	2,294	1,714	573	–	4,760
Unallocated expenses:						
– finance costs						(221)
Share of results of associate	(15)	–	–	–	–	(15)
Income tax						(1,328)
Profit for the year						<u>3,196</u>

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

25 Financial risk management (cont'd)

Operating segments (cont'd)

(b) Geographical segments (cont'd)

	Singapore \$'000	China \$'000	Thailand \$'000	Malaysia \$'000	Elimination \$'000	Consolidated \$'000
2014						
Assets and liabilities						
Segments assets	34,059	35,028	11,981	14,347	–	95,415
Investment in associate	206	–	–	–	–	206
Unallocated assets:						
– deferred tax assets						737
						<u>96,358</u>
Segments liabilities	12,897	9,474	2,747	3,575	–	28,693
Unallocated liabilities:						
– current tax payable						425
– deferred tax liabilities						1,061
						<u>30,179</u>
Other segmental information						
Depreciation	1,012	1,871	749	1,021	–	4,653
Capital expenditure	1,928	513	1,613	257	–	4,311
Amortisation of intangible assets	96	263	–	–	–	359
Impairment loss on investment in associate	(153)	–	–	–	–	(153)
Write off on property, plant and equipment	165	–	–	8	–	173

Concentration of revenue

The Group has 5 (2014: 5) major customers which in aggregate contributed to approximately 46% (2014: 34%) of the Group's total revenue across all geographical segments.

26 Subsequent events

Subsequent to the balance sheet date, the directors proposed the following dividends. The dividends have not been provided for at the balance sheet date:

	Group and Company	
	2015	2014
	\$	\$
Final tax exempt dividend proposed of 0.83 cents (2014: 0.72 cents) per share	<u>2,338,287</u>	<u>2,058,267</u>

The Company, through its wholly owned subsidiary, Chosen Investment Pte Ltd, has acquired another 6.5% equity interest in its subsidiary, Symbonic Pte Ltd, at a nominal sum of \$1.

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 30 JUNE 2015

27 New accounting standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 30 June 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

28 Related Parties

The Group considers the Executive Directors of the Company to be key management personnel in accordance with FRS 24 Related Party Disclosures. These persons have the authority and responsibility for planning, directing & controlling the activities of the Group.

During the year, except as disclosed in the financial statements, there were no other significant related party transactions.

29 Comparative information

During the year, the balance sheet presentation for land use rights was revised to better reflect the nature of these items. The change in the comparative financial statements is as follow:

	As previously reported \$	Amount reclassified \$	As reclassified \$
Group			
Property, plant and equipment	31,924,345	(977,370)	30,946,975
Other long term assets	325,000	977,370	1,302,370

30 Information about assumptions and estimation uncertainties

In the process of applying the accounting policies, management makes various judgements, apart from those involving estimations, that may affect the amounts recognised in the financial statements in future periods.

Key sources of estimation uncertainty

Recoverable amounts of property, plant and equipment, intangible assets, investments in subsidiaries and associate and trade and other receivables

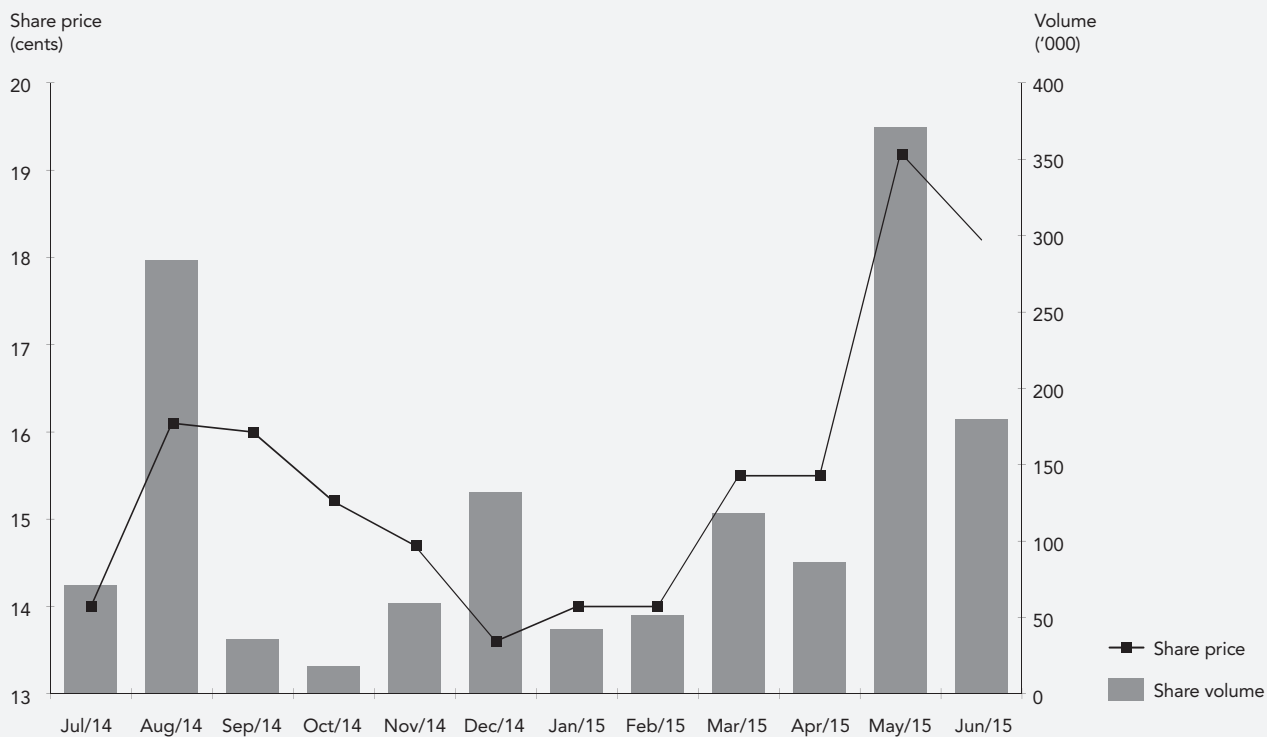
Determining whether the above assets are impaired requires assumptions to be made regarding the recoverable amounts. This determination takes into account assumptions about future business outlook as well as factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Deferred tax assets

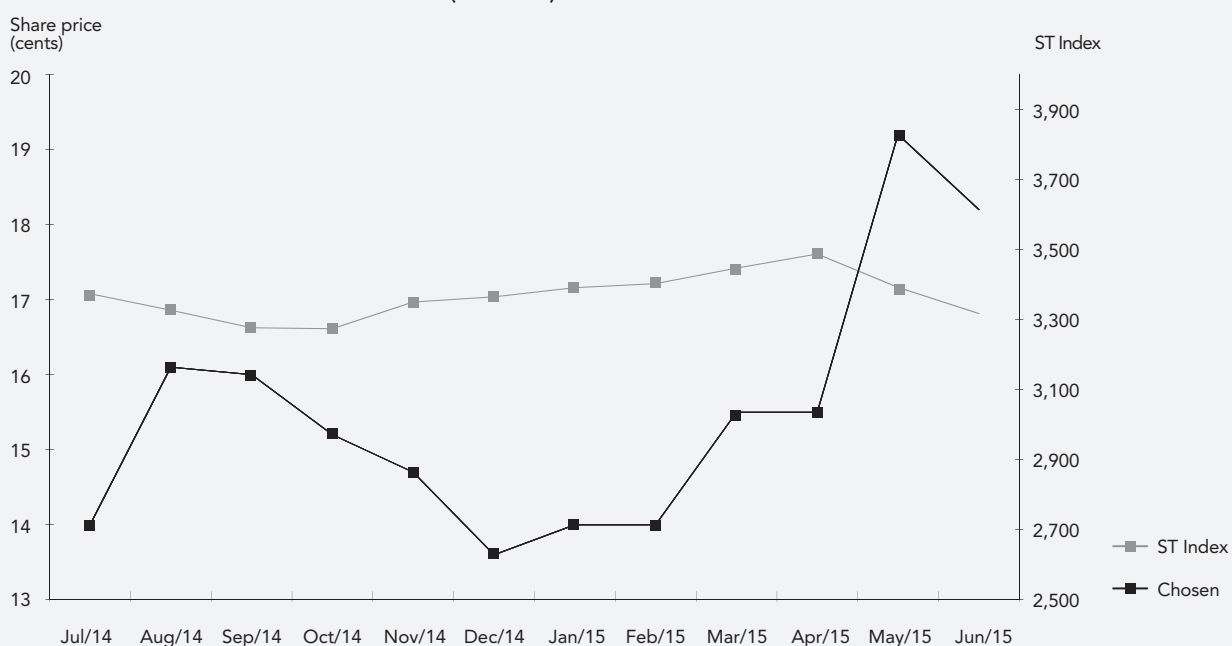
The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and tax losses is based on the forecasted taxable income of the future foreseeable periods. This forecast is based on the subsidiaries' past results and future expectation on revenue and expenses.

SHARE PRICE PERFORMANCE

CHOSEN SHARE PRICE AND TRADING VOLUME (FY 2015)



CHOSEN SHARE PRICE VS ST INDEX (FY 2015)



SHAREHOLDINGS STATISTICS

AS AT 31 AUGUST 2015

Class of shares : Ordinary share
Voting rights : One vote per share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	4	0.13	68	0.00
100 - 1,000	154	4.84	76,224	0.03
1,001 - 10,000	1,498	47.09	7,603,042	2.65
10,001 - 1,000,000	1,501	47.19	74,163,699	25.84
1,000,001 and above	24	0.75	205,103,391	71.48
Total	3,181	100.00	286,946,424	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	No. of Shares		%*
	Direct Interests	Deemed Interests	
ALBE Holdings Pte Ltd	91,611,744	—	32.52
Aloysius Lim Cher Kia	26,498,882	91,611,744 [#]	41.92

[#] Mr Aloysius Lim Cher Kia is deemed to have an interest in the 91,611,744 shares held by ALBE Holdings Pte Ltd by virtue of Section 7 of the Companies Act.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Approximately 55% of the shareholdings is held by the hands of the public and Rule 723 of the Singapore Exchange Listing Manual is complied with.

TWENTY LARGEST SHAREHOLDERS

S/No.	Name of Shareholders	No. of Shares	%*
1	Albe Holdings Pte Ltd	91,611,744	32.52
2	Aloysius Lim Cher Kia	26,498,882	9.41
3	Wang Chew Hoon	12,217,000	4.34
4	DB Nominees (S) Pte Ltd	10,850,000	3.85
5	DBS Nominees Pte Ltd	8,197,600	2.91
6	Chow Kok Hwee	6,605,261	2.34
7	Chia Mui Lin	6,481,404	2.30
8	Teo Peng Huat	5,591,000	1.98
9	Ang Lay Chuan	5,089,296	1.81
10	OCBC Securities Private Ltd	3,409,105	1.21
11	Chew Chen Ming (Zhou Jiamin)	2,953,000	1.05
12	United Overseas Bank Nominees Pte Ltd	2,795,800	0.99
13	Maybank Nominees (S) Pte Ltd	2,542,681	0.90
14	Phillip Securities Pte Ltd	2,496,800	0.89
15	Lee Woot Chon	1,875,000	0.67
16	Yeo Seng Chong	1,750,000	0.62
17	Soong Wee Choo	1,424,861	0.51
18	Raffles Nominees (Pte) Ltd	1,412,400	0.50
19	Eoo Ged Booy	1,385,160	0.49
20	Chew Chong Chew	1,327,700	0.47
		196,514,694	69.76

* The percentage of shareholdings was computed based on the issued share capital of the Company as at 31 August 2015 of 281,721,327 shares (which excludes 5,225,097 shares which are held as treasury shares representing approximately 1.85% of the total number of issued shares excluding treasury shares).

NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of CHOSEN HOLDINGS LIMITED (the "Company") will be held on Friday, 16 October 2015, at 17 Woodlands Terrace, Woodlands East Industrial Estate, Singapore 738442, at 10:00 a.m. for purposes of the following:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 30 June 2015, together with the Auditors' Report. **(Resolution 1)**
2. To declare the First and Final Tax Exempt One-Tier Dividend of 0.83 cents per share for the financial year ended 30 June 2015. **(Resolution 2)**
3. To approve payment of Directors' Fees to the Non-Executive Directors as follows:
 - (a) Directors' Fees of \$201,600 for the financial year ending 30 June 2016 to be paid in cash quarterly in arrears. **(Resolution 3a)**
 - (b) The participation and the grant of a total of 352,754 share awards pursuant to the Chosen Holdings Limited Performance Share Award Scheme to:
 - (i) Mr Chew Heng Ching in respect of 122,484 share awards **(Resolution 3(b)(i))**
 - (ii) Mr Chow Kok Kee in respect of 115,135 share awards **(Resolution 3(b)(ii))**
 - (iii) Mr Henry Tan Song Kok in respect of 115,135 share awards **(Resolution 3(b)(iii))**
4. To re-elect the following Directors who are retiring pursuant to Article 96 of the Articles of Association:
 - (a) Mr Henry Tan Song Kok **(Resolution 4(a))**
 - (b) Mr Chow Kok Hwee **(Resolution 4(b))**
5. To re-appoint Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS:

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

6. Authority to Issue Shares
 - (a) "That pursuant to Section 161 of the Companies Act, and the listing rules of the SGX-ST, the Directors be and are hereby authorised to issue shares in the Company (whether by way of bonus issue, rights issue or otherwise) 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 provided that:
 - (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 20% of the Company's issued share capital;
 - (ii) for the purposes of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities that are outstanding when this Resolution is passed; and
 - (b) any subsequent consolidation or sub-division of shares; and

NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

unless revoked or varied by the Company in a General Meeting, such 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.” **(Resolution 6(a))**

- (b) “That the Directors be and are hereby authorised to grant awards in accordance with the provisions of the Chosen Holdings Limited Performance Share Award Scheme (“PSA Scheme”) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the PSA Scheme PROVIDED THAT the aggregate number of shares to be issued pursuant to the PSA Scheme shall not exceed fifteen percent (15%) of the issued shares in the capital of the Company from time to time.” **(Resolution 6(b))**
- (c) “That the participation of Mr Aloysius Lim Cher Kia, an Executive Director and Controlling Shareholder of the Company, in the Chosen Holdings Limited Performance Share Award Scheme and the grant of 514,167 share awards to him be and is hereby approved. **(Resolution 6(c))**
- (d) “That the Directors be and are hereby authorized to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the Chosen Holdings Limited Scrip Dividend Scheme.” **(Resolution 6 (d))**

7. Renewal of Share Purchase Mandate

“That:-

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “Act”), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (the “Shares”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-
 - (i) on-market purchases (each a “Market Purchase”) on the Singapore Securities Trading Limited (the “SGX-ST”); and/or
 - (ii) off-market purchases (each an “Off-Market Purchase”) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Purchase Mandate”);

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earlier of:-
 - (i) the date on which the next annual general meeting of the Company is held; or
 - (ii) the date by which the next annual general meeting of the Company is required by law to be held; or
 - (iii) the date on which the purchases of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

(c) in this Resolution:-

"Prescribed Limit" means 10% of the total number of issued ordinary shares of the Company as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued ordinary shares of the Company shall be taken to be the number of issued ordinary shares of the Company as altered (excluding any Treasury Shares that may be held by the Company from time to time). Any Shares which are held as Treasury Shares will be disregarded for the purpose of computing the 10% limit;

"Relevant Period" means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or required by law to be held, whichever is the earlier, after the date of this Resolution; and

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:-

"Average Closing Price" means the average of the closing market prices of a Share over the last 5 Market Days ("Market Day" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things as they and/or he may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution." **(Resolution 7)**

8. To transact any other business that may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Soong Wee Choo / Liew Meng Ling

Joint Company Secretaries
Singapore
25 September 2015

NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

Explanatory Notes:

Ordinary Resolution 3(a) & (b)

Resolution 3(a) is to approve the payment of non-executive Directors' Fees for the financial year ending 30 June 2016.

Resolution 3(b)(i) to (iii) is to approve the payment of non-executive Directors' Fees by way of share awards pursuant to the Chosen Holdings Limited Performance Share Award Scheme ("PSA Scheme") to Mr Chew Heng Ching, Mr Chow Kok Kee and Mr Henry Tan Song Kok for the financial year ended 30 June 2015, in addition to the Directors' Fees of \$189,000 approved at the last Annual General Meeting of the Company held on 28 October 2014. Detailed information on Directors' Fees is set out under "Remuneration Matters" in the Corporate Governance Report of the Annual Report 2015.

Ordinary Resolution 4(a)

Mr Henry Tan Song Kok, if re-elected, will remain as a member of the Remuneration Committee and its Chairman; he is also a member of the Audit Committee, Nominating Committee as well as Performance Share Award Scheme Committee of the Company. Mr Henry Tan Song Kok is considered to be an independent Director of the Company.

Ordinary Resolution 4(b)

Mr Chow Kok Hwee is an executive Director and if re-elected, will remain as a member of the Nominating Committee of the Company.

Ordinary Resolution 6(a)

Ordinary Resolution 6(a) will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the Company. The maximum number of shares, which the Directors may issue under this resolution, shall not exceed the quantum set out in the resolution.

Ordinary Resolution 6(b)

The Ordinary Resolution proposed in item 6(b) above, if passed, will empower the Directors to issue shares pursuant to the PSA Scheme, up to an amount not exceeding in total fifteen percent (15%) of the issued share capital of the Company from time to time. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Ordinary Resolution 6(c)

Under the Listing Rules and the rules of the PSA Scheme, the Company is to seek the approval of independent shareholders on any proposal to grant share awards to a Controlling Shareholder or the Associate(s) of a Controlling Shareholder who is otherwise eligible to participate in the PSA Scheme. Resolution 6(c) is to approve the participation and grant to Mr Aloysius Lim Cher Kia, the Executive Chairman and Controlling Shareholder of the Company, of 514,167 share awards on the terms set out in the Company's announcement on 26 August 2015. Mr Aloysius Lim Cher Kia will abstain from voting on Resolution 6(c).

Ordinary Resolution 6(d)

This Resolution 6(d) authorises the Directors to issue ordinary shares pursuant to the Chosen Holdings Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive shares in lieu of cash.

NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

Ordinary Resolution 7

Ordinary Resolution 7 proposed above, if passed, renews the Share Purchase Mandate which was approved at the Annual General Meeting of the Company held on 28 October 2014. It will empower the Directors to repurchase shares of the Company effective until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier. The authority and limitation on, rationale for, sources of funds to be used for the purchase, and the financial effects of the purchase of shares pursuant to the Share Purchase Mandate are set out in greater detail in the Addendum to the Company's 2015 Annual Report.

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance its purchase or acquisition of shares.

An illustration on the financial impact of a purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 30 June 2015 is set out in Section 2.7 of the Addendum dated 25 September 2015.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Company's Registered Office at 17 Woodlands Terrace, Woodlands East Industrial Estate, Singapore 738442, not less than 48 hours before the time set for holding the Annual General Meeting.
3. The Transfer Book and Register of Members of the Company will be closed on 3 November 2015 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, M&C Services Private Limited of 112 Robinson Road #05-01, Singapore 068902, up to 5:00 p.m. on 2 November 2015 will be registered to determine shareholders' entitlement to the proposed first and final dividend. Shareholders whose securities account with The Central Depository (Private) Limited are credited with shares at 5:00 p.m. on 2 November 2015 will be entitled to the proposed dividends. Payment of the said dividends, if approved by shareholders at the Annual General Meeting, will be made on 16 November 2015.

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) for the purpose of the processing and administration by the Company (or its agents) 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CHOSEN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Registration No. 199804325C)

**PROXY
FORM****SEVENTEENTH ANNUAL GENERAL MEETING
TO BE HELD ON 16 OCTOBER 2015****IMPORTANT**

- For investors who have used their CPF monies to buy CHOSEN HOLDINGS LIMITED shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 September 2015.

I/We _____ (Name)

of _____ (Full Address)

being a member/members of the above-named Company hereby appoint the Chairman of the Meeting or:

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

and/or (delete as appropriate)

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

as my/our proxy to vote for me/us and, if necessary, to demand for a poll on my/our behalf at the Annual General Meeting of the Company to be held on 16 October 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting in the manner indicated below:

NO.	RESOLUTION	NO. OF VOTES	
		For*	Against*
	Ordinary Business:		
1.	Directors' Report and Financial Statements		
2.	Declaration of First and Final Tax Exempt One-Tier Dividend		
3a.	Approval of Directors' Fees		
3b.	Participation and grant of share awards to Non-Executive Directors:		
	Mr Chew Heng Ching		
	Mr Chow Kok Kee		
	Mr Henry Tan Song Kok		
4.	Re-election of Directors		
	a. Mr Henry Tan Song Kok		
	b. Mr Chow Kok Hwee		
5.	Re-appointment of Auditors		
	Special Business:		
6.	Authority to issue shares		
	a. Authority to Directors to issue and allot shares pursuant to Section 161 of the Companies Act (Cap. 50)		
	b. Authority to grant awards and issue shares under the Chosen Holdings Limited Performance Share Award Scheme		
	c. Participation of Mr Aloysius Lim Cher Kia in the Performance Share Award Scheme		
	d. Authority to issue shares pursuant to the Chosen Holdings Limited Scrip Dividend Scheme		
7.	Renewal of Share Purchase Mandate		
8.	Any other business		

* Please indicate your vote "For" or "Against" with a "✓" within the box provided.

Dated this _____ day of _____ 2015.

Total No. of Shares

Signature of Member / Common Seal

To be valid, this form must be lodged at the Company's registered office at 17 Woodlands Terrace, Woodlands East Industrial Estate, Singapore 738442, not less than 48 hours before the time appointed for the Annual General Meeting.

IMPORTANT: Please read notes overleaf

Explanatory Notes for Proxy Form

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered against your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
3. Where a member of the Company appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding expressed as a percentage of the whole to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 17 Woodlands Terrace, Woodlands East Industrial Estate, Singapore 738442, not less than 48 hours before the time appointed for the Annual General Meeting.
5. A corporation, which is a member, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

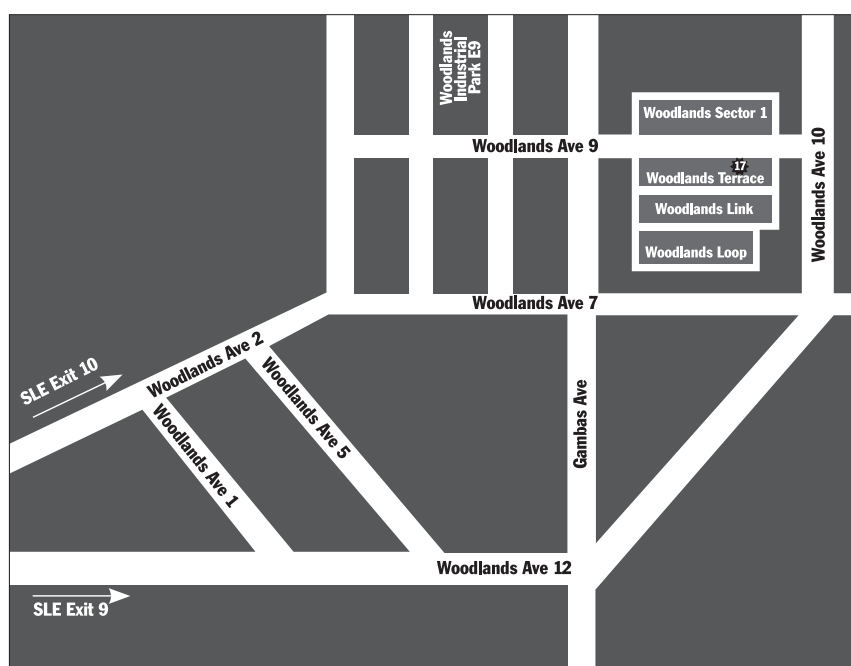
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have their names entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the Company.

REGISTERED OFFICE

CHOSEN HOLDINGS LIMITED
No 17 Woodlands Terrace
Woodlands East Industrial Estate
Singapore 738442

DIRECTIONS TO OUR REGISTERED OFFICE

By public bus: SMRT Service No 964
By own vehicle: Refer to map



map not drawn to scale

CORPORATE DIRECTORY

Singapore

Chosen Holdings Limited

Sinclair Bateman (General Manager – Business Development)

Chosen Plastic Pte Ltd

No. 17, Woodlands Terrace
Woodlands East Industrial Estate
Singapore 738442
Tel: (65) 6753 0800
Fax: (65) 6753 7988

Siau Voon Chong (Operations Manager)

Chosen Innovation Centre

2, Woodlands Sector 1
#03-29 Woodlands Spectrum
Singapore 738068
Tel: (65) 6754 1663
Fax: (65) 6754 1698

Chosen Technologies Pte Ltd

Chosen Dzios Pte Ltd

2, Woodlands Sector 1
#03-22 Woodlands Spectrum
Singapore 738068
Tel: (65) 6753 6911
Fax: (65) 6753 3261

Lim Song Yong (Vice President – Chosen Technologies and Chosen Dzios)

China

Chosen Enterprise (Shanghai) Co., Ltd.

Chosen Electronics Assembly (Shanghai) Co., Ltd.

No. 238, Ri Ying Road (South)
Wai Gao Qiao Free Trade Zone
Pudong, Shanghai 200131
People's Republic of China
Tel: (8621) 5048 0118
Fax: (8621) 5048 1119

Hoo Liang Hock (General Manager)

Chosen Moulding & Assembly (Wuxi) Co., Ltd.

No. 231-1 Chengnan Road,
Wangzhuang Industrial Development Zone,
Wuxi New District
Wuxi 214028
Jiangsu Province
People's Republic of China
Tel: (86510) 8536 0618
Fax: (86510) 8536 0518

Hoo Liang Hock (General Manager)

Chosen Enterprise (Dongguan) Co., Ltd.

No. 18 Xi-hu Hi-Tech Information Industrial Park,
Shilong Town, Dongguan City
Guangdong 523325
People's Republic of China
Tel: (86769) 8849 3338
Fax: (86769) 8849 3238

Sinclair Bateman (General Manager – Business Development)

Malaysia

Chosen Plastic Sdn. Bhd.

No. 21 Jalan Gemilang 1
Taman Perindustrian Cemerlang
81800 Ulu Tiram
Johor, Malaysia
Tel: (607) 867 7867
Fax: (607) 867 7767

Chosen Manufacturing Sdn. Bhd.

PLO 268, Jalan Firma 3
Kawasan Perindustrian Tebrau IV
81100 Johor Bahru
Johor, Malaysia
Tel: (607) 357 7861
Fax: (607) 357 9961

Tay Say Kiat (Senior General Manager)

Thailand

Chosen (Thailand) Company Limited

107 Moo 1 Hi-Tech Industrial Estate
Asia-Nakornsawan Road, Tambol Banlane
Amphur Bangpa-in, Ayutthaya 13160
Thailand
Tel: (6635) 351 572
Fax: (6635) 351 576

150/83 Moo 9 Pinthong 2 Industrial Estate
T. Nongkham, A. Sriracha
Chonburi 20110
Thailand
Tel: (6638) 190103-110

Puah Siang Kwang (General Manager)

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<http://www.chosen.com.sg>