

2016 ANNUAL REPORT



WEATHERING THE STORM





COMPANY PROFILE

A MAJOR “ONE-STOP” DISTRIBUTOR OF STAINLESS STEEL PRODUCTS

Sin Ghee Huat Corporation Ltd is a public company listed on the mainboard of Singapore Exchange Securities Trading Limited. We have a track record of more than 20 years in the sales and distribution of stainless steel products and have grown to be a major stockist and “one-stop” distributor of 304/304L and 316/316L grades of austenitic stainless steel as well as duplex steel products and specialty metals. These include pipes, fittings, plates, bars, tubes and flanges which we source from reputable suppliers in China, Europe, Japan, South Korea and Taiwan.

Our main warehouse facilities in Singapore are located at 62 Tuas Basin Link Singapore 638776 and 32 Gul Crescent Singapore 629537. Our warehouse facility in China is located at Suzhou Industrial Park, PRC.

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BOARD OF DIRECTORS



MR GOH CHEE WEE, 70, was first appointed an Independent Director and Non-Executive Chairman of the Company on 28 October 2009, and was last re-elected a Director on 21 October 2015. He is currently also a director of Beng Kuang Marine Ltd, Chailease Holding Company Ltd, King Wan Corporation Ltd, Stamford Tyres Corporation Ltd, all of which are listed companies and chairman and director of Foodfare Catering Pte Ltd. He was formerly a Director of Chip Eng Seng Corporation Ltd and Sinotel Technologies Ltd.

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



MR KUA GHIM SIONG, 38, our Chief Executive Officer ("CEO"), was appointed an Executive Director of the Company on 25 October 2012. He was appointed Interim CEO of the Company on 1 September 2012 and subsequently appointed CEO of the Company on 1 August 2013. He is responsible for corporate strategic direction and general management of the Group, and concurrently oversees the purchasing functions. He joined the Company as Sales Executive in April 2004 after graduation, and assumed the role of Assistant Purchasing Manager in October 2006. Ghim Siong was promoted to Purchasing and Logistics Manager on 1 August 2010 and was Senior Manager, Purchasing & Logistics/China Operations from 1 August 2011 to 24 October 2012. He was also Alternate Director to Kua Eng Wah from 1 December 2011 to 24 October 2012. He holds a Bachelor of Commerce from the University of Western Australia.



TAN LYE HENG PAUL, 50, was appointed an Independent Director of the Company on 1 March 2007, and was last re-elected a Director on 24 October 2013. He is a practising public accountant and a Director of CA TRUST PAC. He has over 20 years of auditing experience working as an auditor in public accounting firms and a 2-year stint as the internal auditor of a large Singapore public listed company. He is an accredited Quality Assessor of Internal Audit Activity. Paul holds a Master Degree in Business Administration (MBA) from the University of Birmingham, United Kingdom. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and a Fellow of the Institute of Singapore Chartered Accountants.

Paul currently is also an Independent Director of Serial System Ltd and Second Chance Properties Ltd, the shares of which are traded on the Singapore Exchange. He was formerly an Independent Director of China Sinsine Chemical Holdings Ltd which is a listed company in Singapore Exchange.

BOARD OF DIRECTORS



MR HOONTAI MENG, 64, was appointed an Independent Director of the Company on 1 March 2007, and was last re-elected a Director on 10 October 2014. He is currently an Executive Director of Chip Eng Seng Corporation Ltd and an Independent Director of Pavillon Holdings Ltd. He was formerly a partner with M/s KhattarWong until 2011.

Besides having around 15 years of experience in legal practice, Tai Meng also has approximately 20 years of experience in financial planning and management, audit and tax functions. He has a Bachelor of Commerce degree in accountancy from the then Nanyang University and a LLB (Honours) degree from the University of London. Tai Meng is a Fellow of the Chartered Institute of Management Accountants (United Kingdom), a Fellow of the Association of Chartered Certified Accountants (United Kingdom), a Fellow member of the Institute of Singapore Chartered Accountants and a Barrister-at-Law (Middle Temple, United Kingdom).



MR KUA CHEE SENG, 66, our Business Development Director, was appointed a Director of the Company on 11 July 1979, and was last re-elected a Director on 21 October 2015. He is responsible for development of new business opportunities of the Company. Since the establishment of our Company in 1977, he had been involved in various aspects of our operations. Chee Seng holds a Bachelor of Commerce degree from the then Nanyang University.



MR KUA PENG CHUAN, 33, our Market Development Director, was appointed Director of the Company on 25 October 2011, and was last re-elected a Director on 10 October 2014. He was Alternate Director to Kua Chee Hong from 11 December 2009 to 25 October 2011. Peng Chuan manages sales operations and market development. He joined the Company as Sales Executive in October 2004 after completing his National Service. He assumed the role of Sales & Marketing Manager cum Head of Market Development on 1 August 2010, and was promoted to Senior Manager, Sales & Marketing/Head of Market Development on 1 August 2011. He holds a diploma in Chemical Engineering from Temasek Polytechnic.

KEY EXECUTIVES

CHIA HUA MENG, 65, is our Chief Financial Officer. He is responsible for financial management and oversees administration functions, risk management and investor relations. Hua Meng has more than 30 years of experience in financial management, accounting and general administration. Prior to joining the Company on 3 February 2010, he was Financial Controller and Secretary of another company listed on Singapore Exchange. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom and a non-practising member of the Institute of Singapore Chartered Accountants.

KUA ENG BEE, 64, is our Senior Manager for Sales and Marketing. He is responsible for the sale of our products in Singapore. He has been involved in sales and marketing since joining us in 1980. Prior to joining us, Eng Bee was with Sembawang Shipyard and Sembawang Engineering, working on-board ships and taking on a variety of responsibilities relevant to the fabrication of oil and gas offshore structures. Eng Bee completed his GCE 'O' levels at Upper Thomson Secondary School.

KUA CHEE KOK, 55, is our Senior Manager for Warehouse. He is responsible for the management of our warehouse operations. Prior to the establishment of our Company in 1977, Chee Kok had worked in the Kua family business, which was involved in the supply of general hardware items in Singapore. He did his secondary education at Thomson Secondary School. He was appointed to head our warehouse operations in 2000.



LETTER TO SHAREHOLDERS



DEAR SHAREHOLDERS,

The economic downturn plagued by the protracted oil price slump continued to hurt businesses around the globe. As part of the supply chain for the oil and gas sector and related industries in which many of our customers are based, Sin Ghee Huat Corporation, too, had a bumpy ride during the financial year ended 30 June 2016 (FY2016).

The Group managed to garner a revenue of \$51.43 million for FY2016, down by 13% from the \$58.95 million registered for the preceding financial year ended 30 June 2015 ("FY2015").

Our sales orders intake for the Singapore and the other ASEAN markets shrank. Revenue for the Singapore segment fell 18% to \$27.44 million versus the previous year's \$33.66 million. Shipments to Indonesia and the other ASEAN countries slipped 23% to \$15.78 million (FY2015: \$20.43 million). On the plus side, exports through customers outside the ASEAN markets rose to \$8.21 million (FY2015: \$4.85 million).

Gross profit margin took a hit, tapering from 21% to 17% over the year. On the back of declining revenue and compounded by the profit margin squeeze, gross profit plunged 30% to \$8.80 million from the \$12.57 million recorded for FY2015. These dragged down the bottom line result to a mere \$41,000 in net profit for the year compared with \$3.54 million achieved a year ago.

The Group's net asset, comprising substantially current assets, stood at \$85.86 million (FY2015: \$89.11 million), translating to 38.7 cents (FY2015: 40.1 cents) per share in net asset value.

Our Suzhou subsidiary is making a "final bid" to turnaround its business. We acknowledge that it has been a long and steep learning curve. Its continued presence as a subsidiary in China would be contingent upon achieving tangible results, which the Board of Directors would weigh equitably in its strategic review in the ensuing year.

Recovery progress is on track at SG Specialty Metals Pte Ltd which met with unexpected setback at the inception of its operations when the onset of the oil price crash overwhelmed the oil and gas and related industries worldwide.

Over in New Zealand, our joint venture, First Break SG Metals, has made a modest headway in its second year of business operations with a small but positive contribution to the Group.

ACCREDITATION

The Group has formally adopted a management system on environment, health and safety at the workplace. We are delighted that Sin Ghee Huat is now accredited to the ISO 14001: 2004 Environmental Management System Standard as well as the OHSAS 18001:2007 Occupational Health and Safety Management System Standard.

The "dual" certification has been made possible through great efforts and hard work which our dedicated employees have proudly displayed. This would provide a platform for inculcating greater environmental obligations and responsibility as well as promoting health and safety practices at the workplace. The adoption and implementation of these Standards signifies the Group's commitment towards the environment as well as the health and safety of our employees and other stakeholders.

LETTER TO SHAREHOLDERS



REDEVELOPMENT OF WAREHOUSE AND ENHANCEMENT OF FACILITIES

Despite the economic downturn, plans to enhance our operational capability and upgrade our warehouse facilities are on schedule.

Our warehouse at 32 Gul Crescent Singapore will be redeveloped in the next couple of years. This will encompass the installation of an automated storage and retrieval system which would greatly increase operational productivity and expand storage capacity for our inventories.

The redevelopment would also come in handy, as the leasehold for the 32 Gul Crescent warehouse will be expiring in May 2021. We plan to secure an extension of the lease from Jurong Town Corporation.

DIVIDEND

For the five years from FY2011 to FY2015, the Group distributed an average of 87% of the net profits achieved as dividends to shareholders. This has significantly exceeded the Company's dividend policy of distributing not less than 50% of its net profit after tax as dividends, taking into consideration such factors as projected capital expenditure requirements, investment plans, cash balance and financial performance of the Company. The dividend for the preceding 5-year period totalled \$19.54 million, paid out of the total net profit of \$22.39 million.

For the financial year ended 30 June 2016, the Board has recommended the payment of a Final dividend of 0.5 cents per share. If approved by the shareholders at the forthcoming Annual General Meeting to be held on 19 October 2016, the proposed dividend amounting to \$1.11 million will be substantially paid out from accumulated past earnings.

APPRECIATION

We extend our sincere gratitude to our valued shareholders, customers and business partners for your continued support. We also thank our employees at all levels for their dedication and hard work.

The Group has sailed through a stormy year, though not unscathed. Our healthy cash flow and balance sheet will continue to keep us in good stead. As we consolidate our business and when the storm subsides, we will emerge even stronger.

Goh Chee Wee

Chairman

Kua Ghim Siong

Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

MARKETS AND REVENUE

The contagion effect of the oil price slump continued to adversely affect the Group's business. Many of our customers are based in the "oil & gas and petrochemical" industry as well as the "marine and shipbuilding" industry. A number of our other customers (in the "trading and others" grouping) which provide support services to these industries were also hit.

Against this backdrop, the Group's revenue for the financial year ended 30 June 2016 ("FY2016") fell 13% to \$51.43 million compared with \$58.95 million posted in FY2015, the preceding financial year ended 30 June 2015. A breakdown by industries in which our customers operate is set out below:

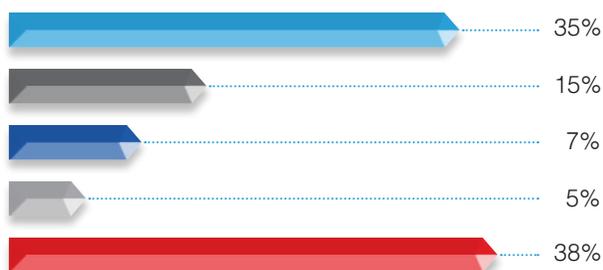
	FY2016	FY2015	Increase/ (decrease)	
	\$'000	\$'000	\$'000	%
Marine and shipbuilding	7,890	9,032	(1,142)	(13)
Oil & gas and petrochemical	3,545	6,480	(2,935)	(45)
Building and construction	2,320	2,341	(21)	(1)
Machining and processing	19,567	17,801	1,766	10
Trading and others	18,110	23,293	(5,183)	(22)
Total	51,432	58,947	(7,515)	(13)

In terms of geographical locations, market sentiments in Singapore and the other ASEAN region continued to stay downbeat. The Singapore segment dipped 18% to \$27.44 million (FY2015: \$33.66 million) in revenue. Shipments to Indonesia dropped to \$9.61 million compared with \$12.65 million a year ago. Revenue pertaining to the rest of the ASEAN market declined by 21% to \$6.17 million (FY2015: \$7.79 million).

On the positive side, sales orders secured from customers outside ASEAN increased.

REVENUE BREAKDOWN BY INDUSTRIES

2016



	FY2016	FY2015	Increase/ (decrease)	
	\$'000	\$'000	\$'000	%
Singapore	27,442	33,664	(6,222)	(18)
Indonesia	9,609	12,645	(3,036)	(24)
Other ASEAN countries	6,171	7,786	(1,615)	(21)
Others	8,210	4,852	3,358	69
Total	51,432	58,947	(7,515)	(13)

GROSS PROFIT

The prolonged depressed market generally pushed down the selling prices of stainless steel products even as certain product items became more slow-moving than before. In view thereof, the provision for inventory impairment increased to \$663,000 (FY2015: \$172,000) net of reversal. The drop in sales revenue, lower selling prices for the products as well as increased provision for inventory impairment collectively led to the lower gross profit, dragging down the gross profit margin to 17% for FY2016 compared with 21% for FY2015.

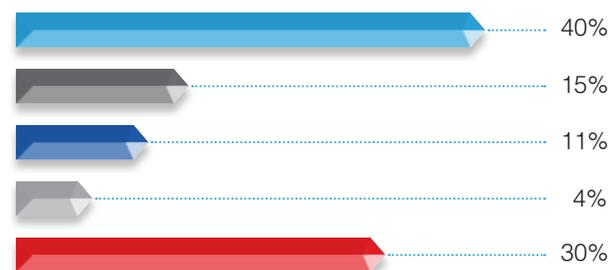
DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Distribution costs decreased marginally by 2% to \$5.93 million (FY2015: \$6.03 million) mainly due to lower manpower costs. Administrative expenses were approximately at the previous year's level totalling \$3.23 million (FY2015: \$3.27 million).

OTHER INCOME AND EXPENSES

Other operating income for FY2016 dipped to \$247,000 (FY2015: \$813,000) largely due to lower foreign currency exchange gain of \$77,000 (FY2015: \$497,000) and lower gain on disposal of plant and equipment of \$9,000 (FY2015: \$63,000). The foreign currency exchange gain arose mainly from the weakening of United States Dollar against the Singapore Dollar during the financial year in respect of sales and trade receivables denominated in USD currency.

2015



OPERATING AND FINANCIAL REVIEW

Other operating expenses were lower at \$176,000 (FY2015: \$224,000) mainly due to reversal of provision for impairment in investments in bond securities.

Finance income, which mainly comprised interest earned on investment in bond securities and fixed deposits, for FY2016 was higher at \$307,000 (FY2015: 277,000) mainly because of increased interest-bearing cash and cash equivalents during the year.

PROFIT AND TAX

Arising from the significant decline in revenue and gross profit margin, as well as the other factors enumerated above, net profit before tax for the year plunged to \$5,000 from the \$4.13 million in net profit before tax achieved for FY2015. By the same token, net profit after tax dropped to \$41,000 versus the profit after tax of \$3.54 million posted for FY2015.

Tax credit of \$36,000 arose largely due to deferred tax assets as opposed to tax expense of \$591,000 for the preceding year.

WORKING CAPITAL

Purchases of materials and replenishments of inventories were scaled down in light of declining sales, leading to a reduction in inventories. At 30 June 2016, total inventories were \$38.78 million, 13% lower compared with \$44.75 million a year ago. Average inventory turnover was higher at 358 days (FY2015: 327 days).

Trade and other receivables decreased by 39% to \$11.33 million (FY2015: \$18.48 million). The reduction totalling \$7.16 million comprised mainly (a) \$5.44 million in trade receivables largely due to lower revenue and (b) \$1.66 million in prepayments to suppliers for material purchases. The trade receivables turnover for FY2016 was 75 days (FY2015: 98 days).

An amount of \$193,000 (FY2015: \$203,000) was provided for doubtful debts in respect of specific trade receivables accounts the collection of which was uncertain. A total of \$144,000 (FY2015: \$nil) was written off the provision as irrecoverable.

The decrease in operating assets and liabilities, namely trade and other receivables, inventories as well as trade and other payables, resulted in \$11.80 million in net cash from operating activities compared with \$1.31 million in FY2015.

Capital expenditure was lower at \$240,000 compared with the preceding year's \$804,000.

The Group has investments in fixed-income bonds securities which are of investment grade. One of the bonds securities was recalled (redeemed) by the issuer, the proceeds of which contributed mainly to the \$1.08 million in net cash from investing activities versus the negative of \$410,000 for FY2015.

Lower bank borrowing was obtained compared with the previous year in respect of inventory purchases for a subsidiary. Bank borrowing as of 30 June 2016 was \$172,000 (FY2015: \$548,000).

The above contributed positively to the significant increase in cash and cash equivalents, which stood at \$26.00 million (FY2015: \$16.87 million) at the end of the financial year.

EQUITY

Net asset value was slightly lower at 38.7 cents (FY2015: 40.1 cents) per share. The Group has maintained a healthy balance sheet with equity standing at \$85.86 million as of 30 June 2016 compared with \$89.11 million a year ago.

SUBSIDIARIES AND JOINT VENTURE

The Suzhou subsidiary continued to be in deficit position whilst revenue growth remained stagnant. It has relocated to smaller premises within the Suzhou Industrial Park, which would help reduce rental costs to some extent.

SG Specialty Metals Pte Ltd, which was hit by the oil price crash soon after it commenced operations a couple of years ago, improved progressively during the year. We are delighted that First Break SG Metals, our joint venture in New Zealand, has also achieved steady progress and made a positive contribution to the Group.

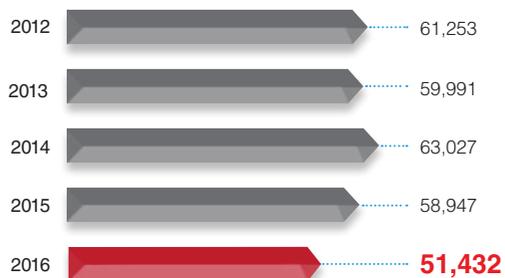

**FINANCIAL
HIGHLIGHTS**

	FY2012	FY2013	FY2014	FY2015	FY2016
Income Statement (\$'000)					
Sales revenue	61,253	59,991	63,027	58,947	51,432
Profit before tax	6,634	5,298	4,427	4,134	5
Profit after tax	5,553	4,292	3,676	3,543	41
Balance Sheet and cash flow (\$'000)					
Inventories	31,666	36,415	38,231	44,749	38,776
Cash and cash equivalents	32,569	23,048	18,677	16,870	26,003
Current assets	84,317	79,088	79,064	80,102	76,104
Investments in bonds	–	5,191	5,135	5,095	4,088
Total assets	93,204	92,560	92,473	94,177	88,504
Current liabilities	4,911	4,384	4,566	5,023	2,644
Total liabilities	4,911	4,384	4,640	5,066	2,644
Total equity	88,293	88,176	87,833	89,111	85,860
Cash flow from operations ⁽¹⁾	2,146	1,280	1,046	1,912	12,493
Financial Statistics					
Gross profit margin (%)	22.5%	21.2%	20.1%	21.3%	17.1%
Net profit margin (%)	9.1%	7.2%	5.8%	6.0%	0.1%
Return on assets (%) ⁽²⁾	6.0%	4.6%	4.0%	3.8%	0.0%
Return on equity (%) ⁽²⁾	6.3%	4.9%	4.2%	4.0%	0.0%
Earnings per share (cents)	2.50	1.93	1.66	1.60	0.02
Net asset value per share (cents)	39.77	39.72	39.56	40.14	38.68
Dividends declared per share (cents)	2.00	1.80	1.50	1.50	0.50
Dividends declared (\$'000)	4,440	3,996	3,330	3,330	1,110
Current ratio (times)	17.2	18.0	17.3	15.9	28.8
Inventory turnover (days) ⁽²⁾	240	263	271	327	358
Receivables turnover (days) ⁽³⁾	107	103	112	98	75
Payables turnover (days) ⁽³⁾	21	18	20	19	16

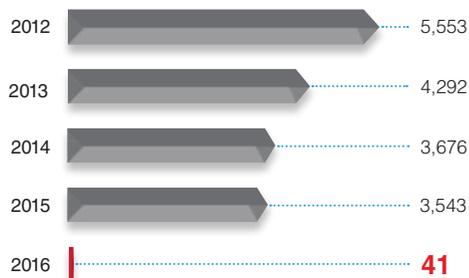
⁽¹⁾ before interest and tax⁽²⁾ average basis⁽³⁾ ending balance basis, trade

FINANCIAL HIGHLIGHTS

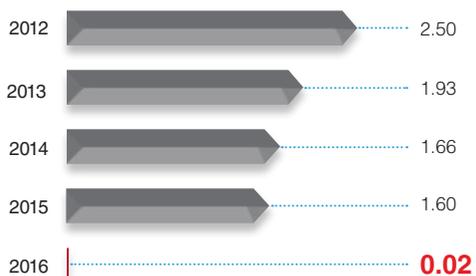
SALES REVENUE (S\$'000)



PROFIT AFTER TAX (S\$'000)



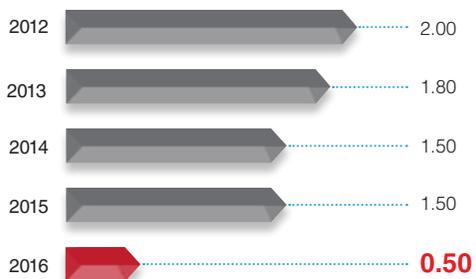
EARNINGS PER SHARE (CENTS)



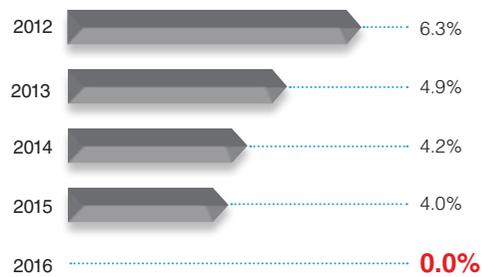
NET ASSET VALUE PER SHARE (CENTS)



DIVIDENDS DECLARED PER SHARE (CENTS)



RETURN ON EQUITY (%)





CORPORATE INFORMATION

BOARD OF DIRECTORS

Goh Chee Wee

Non-Executive Chairman and Independent Director

Kua Ghim Siong

Chief Executive Officer and Executive Director

Kua Chee Seng

Executive Director

Kua Peng Chuan

Executive Director

Hoon Tai Meng

Non-Executive and Independent Director

Tan Lye Heng Paul

Non-Executive and Independent Director

AUDIT COMMITTEE

Tan Lye Heng Paul (Chairman)

Hoon Tai Meng

Goh Chee Wee

NOMINATING COMMITTEE

Hoon Tai Meng (Chairman)

Tan Lye Heng Paul

Goh Chee Wee

REMUNERATION COMMITTEE

Goh Chee Wee (Chairman)

Hoon Tai Meng

Tan Lye Heng Paul

COMPANY SECRETARIES

Joanna Lim Lan Sim

Lotus Isabella Lim Mei Hua

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

32 Penhas Road #01-01

Singapore 208191

Tel: 6398 1118

Fax: 6398 1119

Email: enquiries@singheehuat.com.sg

Website: www.singheehuat.com.sg

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services

(A division of Tricor Singapore Pte. Ltd.)

80 Robinson Road #02-00

Singapore 068898

AUDITORS

KPMG LLP

Public Accountants and Chartered Accountants Singapore

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Audit Partner: Tan Yek Lee Doreen

(Appointed since financial year ended 30 June 2016)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

Australia and New Zealand Banking Group Limited

DBS Bank Limited

Bank of China, Suzhou, China



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CORPORATE GOVERNANCE STATEMENT

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

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

BOARD MATTERS

Principle 1: Board’s Conduct of its Affairs

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

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

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

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

A schedule of all the Board and Board Committee meetings for the calendar year is usually prepared in advance and distributed to the Directors. Besides the scheduled meetings, where circumstances require, ad-hoc meetings are held. All meetings are conducted in Singapore and attendance by the Directors has been regular. The attendances of the Directors at meetings of the Board and Board Committees as well as the number of such meetings during the financial year ended 30 June 2016 (“FY2016”) are set out on the next page.

CORPORATE GOVERNANCE STATEMENT

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Goh Chee Wee	4	4	4	4	1	1	1	1
Kua Ghim Siong	4	4	NA	NA	NA	NA	NA	NA
Kua Chee Seng	4	4	NA	NA	NA	NA	NA	NA
Kua Peng Chuan	4	4	NA	NA	NA	NA	NA	NA
Tan Lye Heng Paul	4	4	4	4	1	1	1	1
Hoon Tai Meng	4	4	4	4	1	1	1	1

NA: Not Applicable.

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

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

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

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

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

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

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

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

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



CORPORATE GOVERNANCE STATEMENT

Principle 2: Board Composition and Guidance

The Board comprises three Executive Directors and three Independent Directors as at the date of this report. Key information regarding the Directors can be found under the “Board of Directors” section of this Annual Report. The independence of each Director is reviewed annually by the NC.

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

Concerning the independence of directors who have served on the Board beyond nine years, Mr Tan Lye Heng Paul and Mr Hoon Tai Meng who were appointed on 1 March 2007 have attained their 9 years of service on 29 February 2016.

Mr Tan Lye Heng Paul and Mr Hoon Tai Meng will also be retiring at the forthcoming Annual General Meeting (“AGM”) of the Company under Article 107 of the Articles and will be offering themselves for re-election to office. In connection with their re-election and in view that they have served on the Board beyond 9 years, the Board has conducted a particularly rigorous review of Mr Tan Lye Heng Paul’s and Mr Hoon Tai Meng’s independence. In doing so, the Board has considered the character and background of Mr Tan Lye Heng Paul and Mr Hoon Tai Meng (being long serving and who is familiar with the Company’s history, as well as business) and also noted that they have no relationship with the Company, its related corporations or its officers and are also independent of the executive functions of the Company as well as from the substantial shareholders of the Company.

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

Principle 3: Chairman and Chief Executive Officer

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

The Chairman of the Board is Mr Goh Chee Wee. As Chairman of the Board, Mr Goh Chee Wee leads the Board to ensure its effectiveness on all aspects of its role, including ensuring effective communication with shareholders and facilitating effective contribution of the Independent/Non-Executive Directors.

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

Principle 4: Board Membership

The NC, regulated by a set of written terms of reference, comprises Mr Hoon Tai Meng, Mr Tan Lye Heng Paul and Mr Goh Chee Wee, all of whom are independent. Mr Hoon Tai Meng, an Independent Director, is the Chairman of the NC.

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

- (a) Reviews and makes recommendations to the Board on relevant matters relating to: (i) all board appointments; (ii) board succession plans for directors, the Chairman and the CEO; (iii) process for board performance evaluation; and (iv) board training and professional development programs;
- (b) Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;
- (c) Reviews and determines the independence of the Board;
- (d) Assesses the effectiveness of the Board and the academic and professional qualifications of each individual director; and
- (e) Reviews and recommends directors retiring by rotation for re-election at each AGM.

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

The NC has reviewed the independence of each director for FY2016 in accordance with the Code's definition of independence as well as the respective director's self-declaration in the statement of director's independence.

Based on the recommendation of the NC, the Board having reviewed the relationships and length of service of each non-executive director, considers Mr Goh Chee Wee to be independent as he does not have any existing business or professional relationship with the Group or its officers that could, or be reasonably perceived to, interfere with the exercise of the director's independent business judgement with a view to the best interest of the Company. The Board also considers Mr Tan Lye Heng Paul and Mr Hoon Tai Meng (having served on the Board as non-executive independent directors beyond nine years) to be independent for the reasons as set out under "Principle 2: Board Composition and Guidance" above.

Where a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The

CORPORATE GOVERNANCE STATEMENT

Board does not prescribe a maximum number of listed company board representations which any Director with multiple board representations may hold and would review the matter on a case-by-case basis taking into account the ability and performance of each Director in his performance and discharge of duties and responsibilities.

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

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

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

- (a) developing a framework on desired competencies and diversity on board;
- (b) assessing current competencies and diversity on board;
- (c) developing desired profiles of new directors;
- (d) initiating search for new directors including external search, if necessary;
- (e) shortlisting and interviewing potential candidates;
- (f) recommending appointments to and retirements from the board; and
- (g) election at general meeting.

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

Principle 5: Board Performance

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

The NC adopts a formal system of evaluating the Board as a whole annually. The assessment parameters for Board performance evaluation include evaluation of the Board’s composition and conduct, Board processes and procedures, Board accountability, evaluation and succession planning. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board’s procedures and processes had allowed him to discharge his duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

The NC has assessed the current Board’s performance to-date and is of the view that the performance of the Board as a whole has been satisfactory. Although some of the Directors have other Board representations, the NC is satisfied that these Directors are able to and have effectively carried out their duties as Directors of the Company. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance. In fact, the NC has noted that its members have contributed significantly in terms of time, effort and commitments during FY2016.

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

CORPORATE GOVERNANCE STATEMENT

Principle 6: Access to Information

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

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

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

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

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

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

The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework for the Board and key management personnel of the Group.

The RC reviews and recommends to the Board a remuneration framework for the Directors and key management personnel. The RC considers all aspects of remuneration namely salaries, allowances, bonuses and other benefits-in-kind. All remuneration matters relating to the Directors and key management personnel require approval of the Board.

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

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

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

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Principle 8: Level and Mix of Remuneration

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

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

The Company has a share option scheme known as Sin Ghee Huat Share Option Scheme (the "Scheme"), which is administered by the RC. The Scheme was adopted at the Company's general meeting held on 27 February 2007. Details of the Sin Ghee Huat Share Option Scheme are provided on page 28 of this Annual Report.

During the financial year, no share options were granted to any of the Directors and key management personnel.

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

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

Principle 9: Disclosure on Remuneration

Details of remuneration of the Directors for the financial year ended 30 June 2016 are set out below:

Name of Directors	Fixed Component	Variable Component	Directors' Fee	Total
<i>Below \$250,000</i>				
Kua Ghim Siong ⁽¹⁾	100%	–	–	100%
Kua Chee Seng	100%	–	–	100%
Kua Peng Chuan	100%	–	–	100%
Goh Chee Wee	–	–	100%	100%
Hoon Tai Meng	–	–	100%	100%
Tan Lye Heng Paul	–	–	100%	100%

(1) The Company has provided Kua Ghim Siong with a car.

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

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Details of remuneration of the key management personnel (who are not directors or the CEO) of the Company for the financial year ended 30 June 2016 are set out below:

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

(1) Kua Chee Kok is a sibling of Kua Chee Seng; and an uncle of Kua Ghim Siong and Kua Peng Chuan.

(2) Kua Eng Bee is a cousin of Kua Chee Seng; and an uncle of Kua Ghim Siong and Kua Peng Chuan.

There were only three key management personnel (who are not directors or the CEO) whom the Company considered as key management personnel (who are not directors or the CEO). The total remuneration in aggregate paid to the top key management personnel (who are not directors or the CEO) referred to in the foregoing paragraph as required by Guideline 9.3 was S\$484,000.

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

The employees whose remuneration exceeded \$50,000 for the financial year ended 30 June 2016 and who are immediate family members of the Directors or the CEO are as follows:

\$50,000 to \$150,000

Kua Chee Meng⁽¹⁾

Kua Eng Wah⁽²⁾

Kua Bee Hong⁽³⁾

Kua Choo Geok⁽⁴⁾

(1) Kua Chee Meng is a brother of Kua Chee Seng; and an uncle of Kua Ghim Siong and Kua Peng Chuan.

(2) Kua Eng Wah is the father of Kua Ghim Siong; a cousin of Kua Chee Seng; and an uncle of Kua Peng Chuan.

(3) Kua Bee Hong is a sister of Kua Chee Seng; an aunt of Kua Ghim Siong; and Kua Peng Chuan.

(4) Kua Choo Geok is a sister of Kua Peng Chuan; a niece of Kua Chee Seng; and a cousin of Kua Ghim Siong.

In view of the confidential nature and sensitivity of employee remuneration and the Company's concern over poaching of employees by competitors, the Company has opted to disclose the remuneration of employees (who are immediate family members of the Directors or the CEO) in incremental bands of S\$100,000 rather than in incremental bands of S\$50,000. The Board is of the view that such disclosure would be sufficient to provide an overview of their remuneration.

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



CORPORATE GOVERNANCE STATEMENT

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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

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

Principle 11: Risk Management and Internal Controls

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

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

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

The principal functions of the RMC are:

- To review, formulate and make recommendations to the Management on risk matters and risk management;
- To oversee the risk management function and the Enterprise Risk Management framework.

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

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

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



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

- (a) discussions with Management on risks identified;
- (b) the audit processes;
- (c) the review of internal and external audit plans; and
- (d) the review of significant issues, if any, arising from internal and external audits.

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

Based on (i) the Group's framework of management control, (ii) the internal control policies and procedures established and maintained by the Group, as well as (iii) the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the systems of internal controls and risk management within the Group are adequate and effective, including the financial, operational, compliance and information technology controls and risk management which have been maintained by the Group's management and which were in place during the financial year ended 30 June 2016.

Principle 12: Audit Committee

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

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

The AC holds periodic meetings to perform the following functions:

- (a) review with the external and internal auditors their audit plans, their evaluation of the system of internal controls, audit report, management letter and management's response;
- (b) review the annual and quarterly financial statements of the Company and the Group before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the statutory/regulatory requirements of the SGX-ST, Companies Act of Singapore and such other regulations under the laws of Singapore;
- (c) review the internal control and procedures and ensure co-ordination between the external auditors and the Management, review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);

CORPORATE GOVERNANCE STATEMENT

- (d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position and the management's response;
- (e) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- (f) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited;
- (g) review any potential conflict of interests;
- (h) review and approve any procedures for entering into hedging transactions;
- (i) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (j) generally to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

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

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

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

The AC reviews annually the non-audit services provided by external auditors and determines whether the provision of such services affects their independence. The breakdown of fees (audit and non-audit services) paid to auditors is set out on page 60 of the financial statements.

Having reviewed the nature and extent of non-audit services rendered by the external auditors to the Group for the year ended 30 June 2016, the AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC had therefore recommended to the Board the nomination of Messrs KPMG LLP, for re-appointment as external auditors of the Company at the forthcoming AGM. The external auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

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

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



CORPORATE GOVERNANCE STATEMENT

A summary of the AC's activities for the financial year ended 30 June 2016 is as follows:

- (a) reviewed the financial statements of the Company and the Group before the announcement of the quarterly and full-year results;
- (b) reviewed the key areas of Management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financial statements;
- (c) reviewed and approved both the Group's internal auditors' and external auditors' plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Group;
- (d) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;
- (e) reviewed non-audit fees;
- (f) reviewed the appointment of different auditors for the Group's subsidiaries;
- (g) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;
- (h) reviewed the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues; and
- (i) reviewed interested party transactions.

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

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

Principle 13: Internal Audit

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

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

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

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

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



CORPORATE GOVERNANCE STATEMENT

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of Shareholder Meetings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEALINGS IN SECURITIES

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

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

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

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

INTERESTED PERSONS TRANSACTIONS

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

During the financial year ended 30 June 2016, there were no material transactions entered into with interested persons which required disclosure pursuant to Rule 907 of the SGX-ST Listing Manual.

MATERIAL CONTRACTS

Save for the Service Agreements entered into with Mr Kua Ghim Siong, Mr Kua Chee Seng and Mr Kua Peng Chuan, which are still subsisting as at the end of FY2016, there are no material contracts involving the interests of the CEO, the directors or controlling shareholders entered into by the Group which are still subsisting as at the end of the financial year or entered into during the financial year.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2016.

In our opinion:

- (a) the financial statements set out on pages 32 to 75 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 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.

Directors

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

Goh Chee Wee	(Independent Director and Chairman)
Kua Ghim Siong	(Executive Director and Chief Executive Officer)
Kua Chee Seng	(Executive Director)
Kua Peng Chuan	(Executive Director)
Hoon Tai Meng	(Independent Director)
Tan Lye Heng Paul	(Independent Director)

Directors' interests

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

	Holdings in the name of the director		Holdings in which the director is deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
The Company				
Ordinary shares				
Kua Chee Seng	115,238	115,238	165,238	165,238
Hoon Tai Meng	40,000	40,000	–	–
Tan Lye Heng Paul	40,000	40,000	–	–
Kua Peng Chuan	11,102,000	11,102,000	–	–

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



DIRECTORS' STATEMENT

There were no changes in the above-mentioned interests between the end of the financial year and 21 July 2016.

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

Share Option Scheme

On 27 February 2007, the shareholders approved an employee share option scheme known as the Sin Ghee Huat Share Option Scheme (the "Scheme") which shall continue to be in force for a maximum of 10 years commencing from the date of adoption. The Scheme is open to confirmed full-time employees and directors of the Company and its subsidiaries.

The Scheme is administered by the Remuneration Committee of the Company.

The Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in the Company at a fixed price or at a price set at a discount not exceeding 20% of the market price. Where an option is granted at fixed price, the exercise price is fixed to a price equal to the average of the last dealt prices of the shares for the five consecutive market days preceding the grant of the option, and the option may be exercised on the first anniversary from the date of grant of the option. Where exercise price is set at a discount, the option may be exercised on the second anniversary from the date of grant of the option. The total number of shares that may be issued shall not exceed 15% of the issued share capital of the Company.

No share options have been granted since the Scheme was adopted.

During the financial year, no share options were granted to any of the Directors, key management personnel or employees of the Company.

Audit Committee

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

Tan Lye Heng Paul (Chairman)
Hoon Tai Meng
Goh Chee Wee

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

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



DIRECTORS' STATEMENT

The Audit Committee also reviewed the following:

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

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

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

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

Auditors

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

On behalf of the Board of Directors

Kua Ghim Siong

Director

Kua Chee Seng

Director

31 August 2016



INDEPENDENT AUDITORS' REPORT

Members of the Company
Sin Ghee Huat Corporation Ltd

Report on the financial statements

We have audited the accompanying financial statements of Sin Ghee Huat Corporation Ltd ('the Company') and its subsidiaries ('the Group'), which comprise the statement of financial position of the Group and the Company as at 30 June 2016, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flow of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 75.

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.



INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the 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 2016 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

31 August 2016

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current assets					
Property, plant and equipment	4	8,149	8,912	7,775	8,479
Investment in subsidiaries	5	–	–	6,963	7,464
Investment in joint venture	6	84	68	50	50
Other financial assets	7	4,088	5,095	4,088	5,095
Deferred tax assets	8	79	–	67	–
		12,400	14,075	18,943	21,088
Current assets					
Inventories	9	38,776	44,749	28,814	33,922
Trade and other receivables	10	11,325	18,483	16,238	24,391
Cash and cash equivalents	11	26,003	16,870	24,212	13,957
		76,104	80,102	69,264	72,270
Total assets		88,504	94,177	88,207	93,358
Equity attributable to equity holders of the Company					
Share capital	12	45,750	45,750	45,750	45,750
Reserves	13	3,000	2,962	2,916	2,845
Retained earnings		37,110	40,399	37,889	41,345
Total equity		85,860	89,111	86,555	89,940
Non-current liability					
Deferred tax liabilities	8	–	43	–	17
Current liabilities					
Trade and other payables	14	2,345	3,742	1,528	2,682
Borrowings	15	172	548	–	–
Current tax liabilities		127	733	124	719
		2,644	5,023	1,652	3,401
Total liabilities		2,644	5,066	1,652	3,418
Total equity and liabilities		88,504	94,177	88,207	93,358

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Revenue	16	51,432	58,947
Cost of sales		(42,629)	(46,379)
Gross profit		8,803	12,568
Other operating income	17	247	813
Distribution costs		(5,930)	(6,028)
Administrative expenses		(3,229)	(3,270)
Other operating expenses		(176)	(224)
Results from operating activities		(285)	3,859
Finance income	18	307	277
Finance cost	18	(33)	(20)
Share of profit of joint venture		16	18
Profit before tax	19	5	4,134
Tax credit/(expense)	20	36	(591)
Profit for the year (attributable to equity holders of the Company)		41	3,543
Earnings per share	21		
Basic (cents)		0.02	1.60
Diluted (cents)		0.02	1.60

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2016

	2016 \$'000	2015 \$'000
Profit for the year	41	3,543
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation gain on property, plant and equipment	71	985
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences arising from consolidation	<u>(33)</u>	80
Total comprehensive income for the year	<u>79</u>	<u>4,608</u>
Attributable to:		
Equity holders of the Company	<u>79</u>	4,608
Total comprehensive income for the year	<u>79</u>	<u>4,608</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

	Share capital \$'000	Revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total attributable to equity holders of the Company \$'000
Group					
At 1 July 2014	45,750	1,860	37	40,186	87,833
Profit for the year	–	–	–	3,543	3,543
Other comprehensive income					
Revaluation gain on property, plant and equipment	–	985	–	–	985
Foreign currency translation difference	–	–	80	–	80
Total comprehensive income for the year	–	985	80	3,543	4,608
Transactions with owners of the Company, recognised directly in equity					
Dividends paid to owners of the Company	–	–	–	(3,330)	(3,330)
Total transactions with owners of the Company	–	–	–	(3,330)	(3,330)
At 30 June 2015	45,750	2,845	117	40,399	89,111
At 1 July 2015	45,750	2,845	117	40,399	89,111
Profit for the year	–	–	–	41	41
Other comprehensive income					
Revaluation gain on property, plant and equipment	–	71	–	–	71
Foreign currency translation difference	–	–	(33)	–	(33)
Total comprehensive income for the year	–	71	(33)	41	79
Transactions with owners of the Company, recognised directly in equity					
Dividends paid to owners of the Company	–	–	–	(3,330)	(3,330)
Total transactions with owners of the Company	–	–	–	(3,330)	(3,330)
At 30 June 2016	45,750	2,916	84	37,110	85,860

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

CONSOLIDATED STATEMENT OF CASH FLOW

Year ended 30 June 2016

	2016 \$'000	2015 \$'000
Cash flows from operating activities		
Profit for the year	41	3,543
Adjustments for:		
Depreciation of property, plant and equipment	1,072	1,047
Gain on sale of property, plant and equipment	(9)	(63)
Finance income	(307)	(277)
Finance cost	33	20
(Reversal of)/Provision for impairment in other financial assets	(19)	20
Share of profit of joint venture	(16)	(18)
Tax (credit)/expense	(36)	591
	759	4,863
Changes in:		
Trade and other receivables	7,158	3,673
Trade and other payables	(1,397)	(106)
Inventories	5,973	(6,518)
Net cash generated from operations	12,493	1,912
Tax paid	(690)	(607)
Net cash from operating activities	11,803	1,305
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	11	167
Acquisition of property, plant and equipment	(240)	(804)
Proceeds from redemption of debt securities	1,000	–
Investment in joint venture	–	(50)
Interest received	307	277
Net cash from/(used in) investing activities	1,078	(410)
Cash flows from financing activities		
Dividends paid	(3,330)	(3,330)
Interest paid	(9)	–
Proceeds from borrowings	1,401	548
Repayment of borrowings	(1,777)	–
Net cash used in financing activities	(3,715)	(2,782)
Net increase/(decrease) in cash and cash equivalents	9,166	(1,887)
Cash and cash equivalents at beginning of year	16,870	18,677
Effect of exchange rate fluctuations on cash held	(33)	80
Cash and cash equivalents at end of year	26,003	16,870
Cash and cash equivalents comprise:		
Cash and bank balances	20,003	11,870
Short-term bank deposits	6,000	5,000
	26,003	16,870

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



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 August 2016.

1 DOMICILE AND ACTIVITIES

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of the 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 the following notes:

- Note 5 – recoverability of investment in subsidiaries
- Note 9 – net realisable value of inventories
- Note 10 – recoverability of trade receivables

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on 1 July 2015 and have been applied in preparing these financial statements. None of these has a significant effect on the financial statements of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 Business Combination as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

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

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

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

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

Any contingent consideration payable is recognised at fair value at the acquisition date. 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 profit or loss.

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



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Subsidiaries

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

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

Investments in joint ventures (equity-accounted investees)

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

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

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

Transactions eliminated on consolidation

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

Subsidiaries and joint ventures in the separate financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. 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 on which the fair value was determined.

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

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

3.3 Financial instruments

(i) *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 at which 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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(i) *Non-derivative financial assets (Continued)*

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

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than an insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale. It would also prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Held-to-maturity financial assets comprise debt securities.

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 trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less 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. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) *Non-derivative financial liabilities*

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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 liabilities: 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.

(iii) *Share capital*

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

3.4 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are initially recognised at cost. Freehold premises are subsequently carried at the revalued amount less accumulated depreciation and any accumulated impairment losses. All other items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold premises are revalued at least every 5 years to ensure that their carrying amounts do not differ materially from their fair values as at the end of the reporting period. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation including currency translation differences are recognised in the asset revaluation reserve, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised against the asset revaluation reserve. All other decreases in carrying amounts are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

Components of cost

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is recognised as part of the cost of property, plant and equipment if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular year for purposes other than to produce inventories during that year.

Depreciation

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

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

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

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

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

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

Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

Disposal

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

3.5 Inventories

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

3.6 Impairment

(i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date 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, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (Continued)

(i) **Non-derivative financial assets (Continued)**

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

(ii) **Non-financial assets**

The carrying amounts of the Group's non-financial 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Employee's benefits

Defined contribution plans

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

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

Employee leave entitlement

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

Short-term benefits

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

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

3.8 Provision

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

3.9 Revenue recognition

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, goods and services taxes or other sales taxes, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Finance income and cost

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

Finance costs comprise amortisation of bond premium and interest on borrowings.

3.11 Government grants

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

3.12 Operating lease

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

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

3.13 Tax expense

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax expense (Continued)

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

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

3.14 Earnings per share

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

3.15 Segment reporting

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

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



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for financial periods after 1 July 2015, and have not been applied in preparing these financial statements.

The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company. These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 April 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group and Company does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold premises \$'000	Leasehold properties \$'000	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Total \$'000
Group							
Cost/Valuation							
At 1 July 2014	4,700	5,635	1,587	733	1,140	1,288	15,083
Revaluation surplus	390	–	–	–	–	–	390
Additions	–	–	61	85	383	275	804
Disposals	–	–	(5)	(56)	(239)	(144)	(444)
At 30 June 2015	5,090	5,635	1,643	762	1,284	1,419	15,833
Revaluation deficit	(80)	–	–	–	–	–	(80)
Additions	–	–	14	98	–	128	240
Disposals	–	–	(6)	–	–	(52)	(58)
At 30 June 2016	5,010	5,635	1,651	860	1,284	1,495	15,935
Accumulated depreciation							
At 1 July 2014	476	3,389	1,038	483	833	590	6,809
Revaluation adjustment	(595)	–	–	–	–	–	(595)
Additions	119	324	98	105	198	203	1,047
Disposals	–	–	(3)	(54)	(199)	(84)	(340)
At 30 June 2015	–	3,713	1,133	534	832	709	6,921
Revaluation adjustment	(151)	–	–	–	–	–	(151)
Additions	151	323	102	97	156	243	1,072
Disposals	–	–	(3)	–	–	(53)	(56)
At 30 June 2016	–	4,036	1,232	631	988	899	7,786
Carrying amounts							
At 1 July 2014	4,224	2,246	549	250	307	698	8,274
At 30 June 2015	5,090	1,922	510	228	452	710	8,912
At 30 June 2016	5,010	1,599	419	229	296	596	8,149

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold premises \$'000	Leasehold properties \$'000	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Total \$'000
Company							
Cost/Valuation							
At 1 July 2014	4,700	5,635	1,235	664	1,104	1,060	14,398
Revaluation surplus	390	–	–	–	–	–	390
Additions	–	–	43	84	383	101	611
Disposals	–	–	(5)	(55)	(239)	(140)	(439)
At 30 June 2015	5,090	5,635	1,273	693	1,248	1,021	14,960
Revaluation deficit	(80)	–	–	–	–	–	(80)
Additions	–	–	12	87	–	125	224
Disposals	–	–	(6)	–	–	(85)	(91)
At 30 June 2016	5,010	5,635	1,279	780	1,248	1,061	15,013
Accumulated depreciation							
At 1 July 2014	476	3,389	851	455	805	498	6,474
Revaluation adjustment	(595)	–	–	–	–	–	(595)
Additions	119	324	73	97	190	137	940
Disposals	–	–	(3)	(53)	(199)	(83)	(338)
At 30 June 2015	–	3,713	921	499	796	552	6,481
Revaluation adjustment	(151)	–	–	–	–	–	(151)
Additions	151	323	77	87	155	173	966
Disposals	–	–	(3)	–	–	(55)	(58)
At 30 June 2016	–	4,036	995	586	951	670	7,238
Carrying amounts							
At 1 July 2014	4,224	2,246	384	209	299	562	7,924
At 30 June 2015	5,090	1,922	352	194	452	469	8,479
At 30 June 2016	5,010	1,599	284	194	297	391	7,775

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

The Company's freehold premises at 32 Penhas Road, Singapore were last revalued by an independent professional valuer on 27 June 2016 based on the property's open market value using the comparative method of valuation at 27 June 2016. If this asset had been carried at cost less accumulated depreciation, the carrying amount as at the end of the financial year would have been as follows:

	Group and Company	
	2016	2015
	\$'000	\$'000
Freehold premises	2,952	3,041

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

5 INVESTMENT IN SUBSIDIARIES

	Company	
	2016 \$'000	2015 \$'000
Equity investments at cost	8,000	8,000
Allowance for impairment loss	(1,037)	(536)
	6,963	7,464

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and place of business	Effective equity held by the Group	
			2016 %	2015 %
Held by the Company				
SG Metals Pte. Ltd ⁽¹⁾	Stockholding and sales of stainless steel products	Singapore	100	100
SG Specialty Metals Pte. Ltd ⁽¹⁾	Stockholding and sales of specialty metal products	Singapore	100	100
Held by a Subsidiary				
SG Metals (Suzhou) Ltd ⁽²⁾	Stockholding and sales of stainless steel products	People's Republic of China	100	100

(1) Audited by KPMG LLP Singapore.

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

Impairment of investment in subsidiaries

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

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

Management has performed an impairment review to assess the recoverable amount of the subsidiaries. The estimates of the recoverable amount of the investments have been determined by management based on the net asset value of the subsidiaries as at 30 June 2016, which approximates the recoverable amount of the investment in the subsidiaries. Impairment loss recognised for the year ended 30 June 2016 was \$501,000 (30 June 2015: \$143,000). Net asset of these subsidiaries comprises mainly inventories, receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

6 INVESTMENT IN JOINT VENTURE

First Break SG Metals 2015 Limited (FBSGM) is an unlisted joint arrangement in which the Group has joint control via an investors' agreement and 50% (2015: 50%) ownership interest. FBSGM was founded by the Group and First Break Metals Holdings Limited and is based in New Zealand, principally engaged in trading of stainless steel products. This entity is structured as a separate vehicle and the Group has residual interest in its net assets. Accordingly, the Group has established its interest in this entity as a joint venture which is equity accounted.

	Group	
	2016 \$'000	2015 \$'000
Group's interest in net assets of investee at beginning of the year	68	50
Group's share of:		
– profit from continuing operations	16	18
– total comprehensive income	16	18
Carrying amount of interest in investee at end of the year	84	68

	Company	
	2016 \$'000	2015 \$'000
Unquoted shares, at cost	50	50

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

Name of company	Principal activity	Country of incorporation and place of business	% of paid-up capital held	
			2016 %	2015 %
First Break SG Metals 2015 Limited	Trading of stainless steel products	New Zealand	50	50

7 OTHER FINANCIAL ASSETS

	Group and Company	
	2016 \$'000	2015 \$'000
Held-to-maturity		
– Debt securities	4,088	5,095

The debt securities bear interests from 3.15% to 4.25% (2015: 3.15% to 4.25%) per annum and mature between 30 October 2019 and 13 September 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

8 DEFERRED TAX

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

	At 1 July 2014 \$'000	Recognised in income statement (Note 20) \$'000	At 30 June 2015 \$'000	Recognised in income statement (Note 20) \$'000	At 30 June 2016 \$'000
Group					
Deferred tax liability					
Property, plant and equipment	(176)	(4)	(180)	12	(168)
Deferred tax assets					
Inventories	90	29	119	111	230
Provisions	12	6	18	(1)	17
	(74)	31	(43)	122	79
Company					
Deferred tax liability					
Property, plant and equipment	(149)	(5)	(154)	12	(142)
Deferred tax assets					
Inventories	90	29	119	73	192
Provisions	12	6	18	(1)	17
	(47)	30	(17)	84	67

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deferred tax assets	247	137	209	137
Deferred tax liabilities	(168)	(180)	(142)	(154)
Net deferred tax assets/(liabilities)	79	(43)	67	(17)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

9 INVENTORIES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trading stocks	37,845	43,150	28,239	32,718
Goods-in-transit	931	1,599	575	1,204
	38,776	44,749	28,814	33,922

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

In 2016, the write-down of inventories to net realisable value (NRV) amounted to \$663,000 (2015: \$243,000) for the Group and \$429,000 (2015: \$243,000) for the Company. NRV is assessed quarterly for inventories which remain unsold at balance sheet date.

The reversal of write-downs by the Group and the Company during the year amounted to \$nil (2015: \$71,000), mainly due to inventories being sold above the carrying amounts during the year and or having a higher net realisable value.

Inventories sold amounting to \$41,464,000 (2015: \$45,576,000) were included in cost of sales.

10 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables	10,164	15,551	8,913	14,741
Impairment losses	(252)	(203)	(211)	(203)
Net receivables	9,912	15,348	8,702	14,538
Amounts due from subsidiaries:				
– trade	–	–	259	390
– non-trade	–	–	56	16
– loans	–	–	5,940	6,625
Amount due from joint venture				
– trade	588	429	588	429
Sundry deposits	186	254	129	158
Other receivables	112	269	59	58
Loans and receivables	10,798	16,300	15,733	22,214
Prepayments	527	2,183	505	2,177
	11,325	18,483	16,238	24,391

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

Amounts due from subsidiaries

Loans due from subsidiaries are unsecured, bear interest at 1% (2015: 1%) per annum and are repayable on demand.

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

There is no allowance for doubtful debts arising from the outstanding balances.

Exposure to credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's historical experience in the collection of account receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

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

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

	Gross	Impairment		Impairment
	2016	losses	Gross	losses
	\$'000	\$'000	2015	2015
			\$'000	\$'000
Group				
Not past due	6,418	–	10,752	–
Past due 0-30 days	1,799	–	3,319	–
Past due 31-120 days	2,366	–	1,736	–
Past due 121-365 days	253	(43)	387	–
More than one year	214	(209)	309	(203)
	11,050	(252)	16,503	(203)
Company				
Not past due	11,646	–	16,969	–
Past due 0-30 days	1,588	–	3,253	–
Past due 31-120 days	2,176	–	1,501	–
Past due 121-365 days	325	(2)	385	–
More than one year	209	(209)	309	(203)
	15,944	(211)	22,417	(203)

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

Exposure to credit risk (Continued)

The movement in the allowance for impairment loss in respect of trade receivables during the year is as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Balance at 1 July	203	–	203	–
Impairment loss recognised	193	203	152	203
Written off during the year	(144)	–	(144)	–
Balance at 30 June	252	203	211	203

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash and bank balances	20,003	11,870	18,212	8,957
Short-term bank deposits	6,000	5,000	6,000	5,000
	26,003	16,870	24,212	13,957

The effective interest rates of short-term bank deposits and cash at banks as at 30 June 2016 were 0.05% to 1.70% (2015: 0.05% to 1.44%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

12 SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
Issued and fully paid ordinary shares	222,000	45,750	222,000	45,750

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

Capital management

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

13 RESERVES

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revaluation reserve	2,916	2,845	2,916	2,845
Currency translation reserve	84	117	–	–
	3,000	2,962	2,916	2,845

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

Currency translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	1,410	2,735	698	1,787
Accrued expenses	679	903	615	840
Other payables	256	104	215	55
	2,345	3,742	1,528	2,682

Other payables of the Company include outstanding balances with subsidiaries of \$11,000 (2015: \$5,000) which are unsecured, interest-free and repayable on demand.

15 BORROWINGS

The unsecured borrowings from banks for trade purpose are due within 4 months and have effective interest rates ranging from 2.22% to 2.74% (2015: 2.34%) per annum.

16 REVENUE

Revenue represents the invoiced value of goods sold less returns.

17 OTHER OPERATING INCOME

	Group	
	2016 \$'000	2015 \$'000
Gain on sale of property, plant and equipment	9	63
Foreign currency exchange gain, net	77	497
Government grants	140	223
Sundry income	21	30
	247	813

Government grants mainly related to Wages Credit Scheme, subsidies for staff employment and corporate branding.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

18 FINANCE INCOME AND COST

	Group	
	2016 \$'000	2015 \$'000
Interest income:		
– deposits with financial institutions	126	87
– other financial assets	181	190
Finance income	307	277
Amortisation of premium on debt securities	(24)	(20)
Interest expense on borrowings	(9)	–
Finance cost	(33)	(20)
Net finance income recognised in profit or loss	274	257

19 PROFIT BEFORE TAX

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

	Group	
	2016 \$'000	2015 \$'000
Auditors' remuneration:		
– Auditors of the Company	(96)	(92)
– Other auditors	(1)	(1)
Non-audit fees:		
– Auditors of the Company	–	(2)
– Other auditors	(20)	(25)
Depreciation of property, plant and equipment	(1,072)	(1,047)
Gain on sale of property, plant and equipment	9	63
Directors' fees	(151)	(142)
Staff costs (note 22)	(5,411)	(5,492)
Operating lease expenses in respect of leasehold premises	(764)	(711)
Operating lease expenses in respect of office equipment	(19)	(29)
Allowance for doubtful debts	(193)	(203)
Write down of inventories	(663)	(172)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

20 TAX (CREDIT)/EXPENSE

	Group	
	2016 \$'000	2015 \$'000
Current tax expense		
Current year	127	733
Overprovision in prior years	(41)	(111)
	86	622
Deferred tax expense		
Movements in temporary differences	(122)	(31)
Tax (credit)/expense	(36)	591
Reconciliation of effective tax rate		
Profit before tax	5	4,134
Tax using Singapore tax rate of 17% (2015: 17%)	1	703
Effect on different tax rates in foreign jurisdictions	(29)	(20)
Non-deductible expenses	118	117
Non-taxable income	(62)	(17)
Tax exempt income	(36)	(48)
Tax rebate	(25)	(26)
Tax incentives	(39)	(53)
Current year losses for which no deferred tax asset was recognised	120	107
Overprovision in prior years	(41)	(111)
Others	(43)	(61)
	(36)	591

Unrecognised deferred tax assets

The following temporary differences have not been recognised:

	Group	
	2016 \$'000	2015 \$'000
Tax losses	2,242	1,536

As at 30 June 2016, the Group has tax losses which are available for set-off against future profits subject to tax laws and regulations prevailing in the domicile of a subsidiary and agreement by the tax authority. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

21 EARNINGS PER SHARE

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

	Group	
	2016	2015
Net profit attributable to equity holders of the Company (\$'000)	41	3,543
Weighted average number of ordinary shares in issue ('000)	222,000	222,000
Basic and diluted earnings per share (cents)	0.02	1.60

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

22 STAFF COSTS

	Group	
	2016 \$'000	2015 \$'000
Salaries, bonuses and other costs	4,800	4,901
Central Provident Fund and other defined contributions	611	591
	5,411	5,492

23 RELATED PARTY TRANSACTIONS

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors (excluding independent and non-executive directors) and the senior management team of the Group are considered as key management personnel of the Group.

	Group	
	2016 \$'000	2015 \$'000
Key management personnel compensation:		
Salaries, bonuses and other short-term employee benefits	1,008	1,015
Central provident fund and other defined contributions	56	55
	1,064	1,070
Comprising:		
– Directors of the Company	580	555
– Other key management personnel	484	515
	1,064	1,070

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

23 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Group and Company			
	2016		2015	
	\$'000		\$'000	
Immediate family members of the directors or substantial shareholders:				
Salaries, bonuses and other short-term employee benefits	391		399	
Central provident fund and other defined contributions	29		27	
	420		426	

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Sales to subsidiaries	–	–	(189)	(602)
Purchases from subsidiaries	–	–	2,752	4,003
Sales to joint venture	(1,399)	(738)	(1,399)	(738)
Sales of plant and equipment to subsidiaries	–	–	(36)	–
Interest income on loans to subsidiaries	–	–	(66)	(16)

24 OPERATING LEASE

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

	Group		Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Payables:				
Within one year	603	530	283	272
After one year but not more than five years	1,433	1,049	1,103	1,049
After five years	7	255	7	255
	2,043	1,834	1,393	1,576

These lease commitments relate to warehouse premises and office equipment. The terms of the operating lease commitments range from 1 year to 6 years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

25 DIVIDENDS

	Group and Company	
	2016	2015
	\$'000	\$'000
Final dividend (one-tier tax exempt) paid in respect of prior years	3,330	3,330

During the year ended 30 June 2016, the Group declared and paid a Final one-tier tax exempt dividend of 1.5 cents per ordinary share in respect of the year ended 30 June 2015.

Subsequent to the year ended 30 June 2016, the directors proposed a final one-tier tax exempt dividend of 0.5 cents per ordinary share in respect of the year ended 30 June 2016, amounting to \$1,110,000 to be paid to the shareholders of the Company, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company on 19 October 2016. These dividends have not been provided for in the financial statements.

26 FINANCIAL INSTRUMENTS

Overview

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

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

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

Foreign currency risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Foreign currency risk (Continued)

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

	Group			Company	
	USD \$'000	RMB \$'000	EUR \$'000	USD \$'000	EUR \$'000
2016					
Assets					
Cash and cash equivalents	6,122	44	26	5,414	26
Trade and other receivables	3,178	148	64	2,246	64
	9,300	192	90	7,660	90
Liabilities					
Trade and other payables	(1,387)	–	(193)	(483)	(193)
Borrowings	(172)	–	–	–	–
Net currency exposure	7,741	192	(103)	7,177	(103)
2015					
Assets					
Cash and cash equivalents	4,720	86	44	3,128	44
Trade and other receivables	7,872	104	–	7,421	–
	12,592	190	44	10,549	44
Liabilities					
Trade and other payables	(2,117)	(2)	(658)	(1,180)	(658)
Borrowings	–	–	–	–	–
Net currency exposure	10,475	188	(614)	9,369	(614)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

A 10% (2015: 10%) strengthening of the Singapore dollar, as indicated below, against the USD, EUR and RMB at 30 June would have increased/(decreased) profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2015, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Group Profit/(Loss) \$'000	Company Profit/(Loss) \$'000
30 June 2016		
USD	(774)	(718)
EUR	10	10
RMB	(19)	-
30 June 2015		
USD	(1,048)	(937)
EUR	61	61
RMB	(19)	-

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

Interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Interest rate risk (Continued)

As at 30 June 2016, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, is as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Variable rate instruments				
Assets				
Cash and cash equivalents	20,003	11,870	18,212	8,957
	20,003	11,870	18,212	8,957
Fixed rate instruments				
Assets				
Other financial assets	4,088	5,095	4,088	5,095
Cash and cash equivalents	6,000	5,000	6,000	5,000
Liabilities				
Borrowings	(172)	(548)	–	–
	9,916	9,547	10,088	10,095

Fair value sensitivity analysis for fixed rate instruments

The Group does not designate any fixed rate financial assets or liabilities as fair value through profit or loss, nor as available-for-sale. Therefore, changes in interest rates of fixed rate instruments would not affect profit or loss and equity.

Cash flow sensitivity analysis for variable rate instruments

As at 30 June 2016, ceteris paribus, an increase/(decrease) in interest rate of 100 basis points would have resulted in an increase/(decrease) in equity and profit or loss by \$200,030 (2015: \$118,700) per annum for the Group, and \$182,120 (2015: \$89,570) per annum for the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Credit risk

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

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

As at 30 June 2016, the maximum exposure to credit risk in the event that counterparties fail to perform their obligations in relation to each class of financial assets is the carrying amount of these assets in the statements of financial position. There is no other class of financial assets that is past due and/or impaired except for trade receivables.

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Marine and shipbuilding	1,927	2,460	1,922	2,453
Oil, gas and petrochemical	946	1,755	926	1,749
Building and construction	818	613	818	613
Machining and processing	3,140	5,697	1,992	4,964
Trading and others	3,669	5,252	3,891	5,578
	10,500	15,777	9,549	15,357

The Group's most significant customer, a marine and shipbuilding customer, accounts for \$698,000 (2015: \$2,786,000 – a machining and processing customer) of the trade receivables at 30 June 2016.

The trade receivables that are past due and impaired amounting to \$252,000 for the Group and \$211,000 for the Company (2015: \$203,000 for the Group and the Company) had been provided for. The trade receivables of the Group and the Company that are neither past due nor impaired relate substantially to credit-worthy customers amounting to \$6,418,000 and \$11,646,000 (2015: \$10,752,000 and \$16,969,000) respectively.

For financial assets such as cash and cash equivalents, the Group minimises credit risk by dealing exclusively with reputable financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

26 FINANCIAL INSTRUMENTS (CONTINUED)

Overview (Continued)

Liquidity risk

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

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

The Group has sufficient cash and cash equivalents and adequate credit facilities to ensure necessary liquidity. As at 30 June 2016, the financial liabilities maturing within 12 months are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables	1,410	2,735	698	1,787
Accrued expenses and other payables	935	1,007	830	895
Borrowings	172	548	–	–

As at 30 June 2016, there are no financial liabilities maturing after 12 months.

Estimation of fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

27 DETERMINATION OF FAIR VALUES

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

Debt securities

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

Other financial assets and liabilities

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Financial assets not carried at fair value but for which fair values are disclosed</i>				
2016				
Held-to-maturity debt securities	4,088	–	–	4,088
2015				
Held-to-maturity debt securities	5,095	–	–	5,095

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

27 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classification and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables \$'000	Held-to- maturity \$'000	Other financial liabilities within scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
Group						
30 June 2016						
Assets						
Other financial assets	7	–	4,088	–	4,088	4,088
Trade and other receivables*	10	10,798	–	–	10,798	10,798
Cash and cash equivalents	11	26,003	–	–	26,003	26,003
		36,801	4,088	–	40,889	40,889
Liabilities						
Trade and other payables	14	–	–	(2,345)	(2,345)	(2,345)
Borrowings	15	–	–	(172)	(172)	(172)
		–	–	(2,517)	(2,517)	(2,517)
30 June 2015						
Assets						
Other financial assets	7	–	5,095	–	5,095	5,095
Trade and other receivables*	10	16,300	–	–	16,300	16,300
Cash and cash equivalents	11	16,870	–	–	16,870	16,870
		33,170	5,095	–	38,265	38,265
Liabilities						
Trade and other payables	14	–	–	(3,742)	(3,742)	(3,742)
Borrowings	15	–	–	(548)	(548)	(548)
		–	–	(4,290)	(4,290)	(4,290)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

27 DETERMINATION OF FAIR VALUES (CONTINUED)

Accounting classification and fair values (Continued)

	Note	Loans and receivables \$'000	Held-to- maturity \$'000	Other financial liabilities within scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
Company						
30 June 2016						
Assets						
Other financial assets	7	–	4,088	–	4,088	4,088
Trade and other receivables*	10	15,733	–	–	15,733	15,733
Cash and cash equivalents	11	24,212	–	–	24,212	24,212
		39,945	4,088	–	44,033	44,033
Liabilities						
Trade and other payables	14	–	–	(1,528)	(1,528)	(1,528)
30 June 2015						
Assets						
Other financial assets	7	–	5,095	–	5,095	5,095
Trade and other receivables*	10	22,214	–	–	22,214	22,214
Cash and cash equivalents	11	13,957	–	–	13,957	13,957
		36,171	5,095	–	41,266	41,266
Liabilities						
Trade and other payables	14	–	–	(2,682)	(2,682)	(2,682)

* Excludes prepayment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

28 SEGMENT INFORMATION

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

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

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

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

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

	Marine and ship-building \$'000	Oil, gas and petro- chemical \$'000	Building and construction \$'000	Machining and processing \$'000	Trading and others \$'000	Total \$'000
Group						
2016						
Revenue	7,890	3,545	2,320	19,567	18,110	51,432
Gross profit	1,078	714	457	2,202	4,352	8,803
Unallocated costs						(9,368)
						(565)
Other operating income and finance income						554
Share of profit of joint venture						16
Loss before tax						5
Tax income						36
Net loss for the year						41
Assets						
Trade receivables	1,927	946	818	3,140	3,669	10,500
Others – unallocated						78,004
						88,504
Liabilities – unallocated						2,644
Capital expenditure – unallocated						240
Depreciation of property, plant and equipment						1,072

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

28 SEGMENT INFORMATION (CONTINUED)

	Marine and ship-building \$'000	Oil, gas and petro- chemical \$'000	Building and construction \$'000	Machining and processing \$'000	Trading and others \$'000	Total \$'000
Group						
2015						
Revenue	9,032	6,480	2,341	17,801	23,293	58,947
Gross profit	1,152	1,420	526	2,489	6,981	12,568
Unallocated costs						(9,522)
						3,046
Other operating income and net finance income						1,070
Share of profit of joint venture						18
Profit before tax						4,134
Tax expense						(591)
Net profit for the year						3,543
Assets						
Trade receivables	2,460	1,755	613	5,697	5,252	15,777
Others – unallocated						78,400
						94,177
Liabilities – unallocated						5,066
Capital expenditure – unallocated						804
Depreciation of property, plant and equipment						1,047

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

28 SEGMENT INFORMATION (CONTINUED)

Geographical segments

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

Revenue by geographical markets:

	2016 \$'000	2015 \$'000
Singapore	27,442	33,664
Indonesia	9,609	12,645
Other ASEAN countries	6,171	7,786
Others*	8,210	4,852
	51,432	58,947

Assets and capital expenditure by geographical locations:

	Carrying amounts of segment assets		Capital expenditure	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Group				
Singapore	84,530	86,885	197	804
Other ASEAN countries	2,427	6,072	–	–
Others*	1,547	1,220	43	–
	88,504	94,177	240	804

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

STATISTICS OF SHAREHOLDINGS

As at 6 September 2016

SHARE CAPITAL

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

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

AS AT 6 SEPTEMBER 2016

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 to 99	–	0.00	–	0.00
100 to 1,000	59	4.98	54,900	0.03
1,001 to 10,000	487	41.10	3,472,300	1.56
10,001 to 1,000,000	623	52.57	42,685,133	19.23
1,000,001 and above	16	1.35	175,787,667	79.18
Total	1,185	100.00	222,000,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 6 SEPTEMBER 2016

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	2GS INVESTMENT PTE LTD	56,700,000	25.54
2	KUA GEOK LAY HOLDING PTE LTD	52,635,000	23.71
3	KUA CHEE HONG	13,845,000	6.24
4	KUA PENG CHUAN	11,102,000	5.00
5	CIMB SECURITIES (SINGAPORE) PTE LTD	7,828,800	3.53
6	KUA PENG KOON	6,957,000	3.13
7	DBS NOMINEES PTE LTD	5,358,000	2.41
8	KUA CHEE KENG	4,451,167	2.01
9	DB NOMINEES (S) PTE LTD	3,875,000	1.75
10	LER BEE CHIN	2,791,000	1.26
11	LIM & TAN SECURITIES PTE LTD	2,556,500	1.15
12	KUA CHOO SUAN	2,426,000	1.09
13	LEW WING KIT	1,529,000	0.69
14	YEO SENG CHONG	1,450,000	0.65
15	LAI WENG KAY	1,238,000	0.56
16	UOB KAY HIAN PTE LTD	1,045,200	0.47
17	CHAI CHONG YII	1,000,000	0.45
18	UNITED OVERSEAS BANK NOMINEES PTE LTD	999,000	0.45
19	KUA CHOO GEOK	850,000	0.38
20	TAN YONG CHIANG OR TAN HUI LIANG	790,000	0.36
	TOTAL	179,426,667	80.83

STATISTICS OF SHAREHOLDINGS

As at 6 September 2016

PUBLIC SHAREHOLDINGS

Based on the information available to the Company as at 6 September 2016, approximately 29.9% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 6 SEPTEMBER 2016

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
2GS Investment Pte. Ltd.	56,700,000	25.54	–	–
Kua Geok Lay Holding Pte. Ltd.	52,635,000	23.71	–	–
Kua Chee Hong (Note 1)	13,845,000	6.24	2,791,000	1.26
Ler Bee Chin (Note 1)	2,791,000	1.26	13,845,000	6.24
Kua Eng Watt (Note 2)	560,000	0.25	56,700,000	25.54
Kua Eng Bee (Note 2)	–	–	56,700,000	25.54
Kua Peng Chuan	11,102,000	5.00	–	–

Notes:

1. Kua Chee Hong and his wife, Ler Bee Chin are deemed interested in the shares held by each other.
2. Kua Eng Watt and Kua Eng Bee, who each owns 33.33% of the shareholding interest in 2GS Investment Pte. Ltd., are interested in the 56,700,000 shares in the Company held by 2GS Investment Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sin Ghee Huat Corporation Ltd. (the “Company”) will be held at 32 Penhas Road, #01-01, Singapore 208191 on Wednesday, 19 October 2016 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2016 and the Statement of Directors and the Report of the Auditors thereon. **Resolution 1**
2. To approve the Directors' fees of \$151,000 (2016: \$151,000) payable quarterly in arrear for the financial year ending 30 June 2017. **Resolution 2**
3. To re-elect the following Directors retiring in accordance with the Company's Articles of Association:
 - (a) Mr Tan Lye Heng Paul (retiring under Article 107) **Resolution 3**
 - (b) Mr Hoon Tai Meng (retiring under Article 107) **Resolution 4**

Mr Tan Lye Heng Paul and Mr Hoon Tai Meng will, upon re-election as Directors of the Company, remain as the Chairman of the Audit Committee and members of the Audit Committee respectively, and will be considered independent for purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

[See Explanatory Note (a) and (b)]

4. To declare a Final one-tier tax exempt dividend of 0.5 cents per share for the financial year ended 30 June 2016. **Resolution 5**
5. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**
6. To transact such other business which may be properly transacted at an annual general meeting of the Company.

AS SPECIAL BUSINESS

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

SHARE ISSUE MANDATE

THAT pursuant to the Listing Rules of the SGX-ST and the Company's Articles of Association, authority be and is hereby given to the Directors to: **Resolution 7**

- (a) issue shares in the capital of the Company whether by way of bonus issue, rights issue or otherwise; and/or
- (b) make or grant offers, agreements or options (collectively “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and/or
- (c) issue additional Instruments convertible into shares arising from adjustments made to the number of Instruments



NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

- (i) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company, of which the aggregate number of shares and convertible securities (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company, and for the purpose of this Resolution, the issued share capital shall be the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
 - (aa) new shares arising from the conversion or exercise of convertible securities;
 - (bb) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST; and
 - (cc) any subsequent consolidation or subdivision of shares; and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue to be in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of **SIN GHEE HUAT CORPORATION LTD.** will be closed on 31 October 2016 for the preparation of dividend warrants.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 28 October 2016 will be registered to determine shareholders' entitlements to the Final dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 28 October 2016 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the shareholders at the Annual General Meeting to be held on 19 October 2016, will be made on 15 November 2016.

BY ORDER OF THE BOARD

Ms Joanna Lim Lan Sim
Company Secretary

27 September 2016
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

- (a) In relation to Ordinary Resolution 3 proposed in item 3(a) above, there are no relationships (including immediate family relationship) between Mr Tan Lye Heng Paul and the other directors of the Company. His other detailed information is set out in the Board of Directors section of the Company's Annual Report 2016.
- (b) In relation to Ordinary Resolution 4 proposed in item 3(b) above, there are no relationships (including immediate family relationship) between Mr Hoon Tai Meng and the other directors of the Company. His other detailed information is set out in the Board of Directors section of the Company's Annual Report 2016.

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

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

1. Resolution no. 7, if passed, will authorise the Directors from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. Rule 806(3) of the Listing Rules of the SGX-ST currently provides that the percentage of issued share capital is based on the share capital of the Company at the time the mandate is passed after adjusting for:
 - (a) new shares arising from the conversion or exercise of convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Rules of the SGX-ST; and
 - (c) any subsequent consolidation or subdivision of shares.

This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes:

- (1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (2) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.
- (3) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office at 32 Penhas Road, #01-01, Singapore 208191 not later than 48 hours before the time appointed for the holding of the Annual General Meeting.
- (4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

SIN GHEE HUAT CORPORATION LTD.

Registration Number: 197700475Z
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

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

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

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

and/or (delete where appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 32 Penhas Road, #01-01, Singapore 208191 on Wednesday, 19 October 2016 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Resolution No.	Ordinary Resolution	For	Against
1.	Adoption of Audited Financial Statements for the financial year ended 30 June 2016 and the Statement of Directors and the Reports of the Auditors.		
2.	Approval of Directors' Fees for financial year ending 30 June 2017.		
3.	Re-election of Mr Tan Lye Heng Paul as Director of the Company.		
4.	Re-election of Mr Hoon Tai Meng as Director of the Company.		
5.	Declaration of Final Dividend for the financial year ended 30 June 2016.		
6.	Re-appointment of KPMG LLP as Auditors of the Company.		
7.	Approval of Share Issue Mandate.		

Dated this _____ day of _____ 2016

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

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

IMPORTANT: Please read notes overleaf

Notes:-

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

"Relevant Intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

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AFFIX
STAMP

The Company Secretary

SIN GHEE HUAT CORPORATION LTD.

32 Penhas Road

#01-01

Singapore 208191

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- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing a proxy or proxies must be deposited at the registered office at 32 Penhas Road, #01-01, Singapore 208191 not less than 48 hours before the time set for the meeting.
 5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
 6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney (or other authority) or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the registered office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
 7. A corporation, which is a member, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
 8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
 9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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Company registration no. 197700475Z

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