AN AWARD-WINNING ASEAN DEVELOPER

PACIFIC STAR
DEVELOPMENT LIMITED

ANNUAL REPORT 2018

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This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr David Yeong at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542. Telephone number: +65 6232 3210.

CORPORATE PROFILE

Pacific Star Development Limited ("PSDL" and together with its subsidiaries, the "Group") is a premier, award-winning ASEAN property developer with a track record in the development and investment of prime integrated mixed-use and residential developments in key gateway cities across ASEAN.

Since its listing on the Catalist Board of the Singapore Exchange via a reverse takeover of LH Group Limited in February 2017, the Group has successfully restructured its business model and achieved strong financial turnaround with six consecutive profitable quarters from February 2017 to 30 June 2018*.

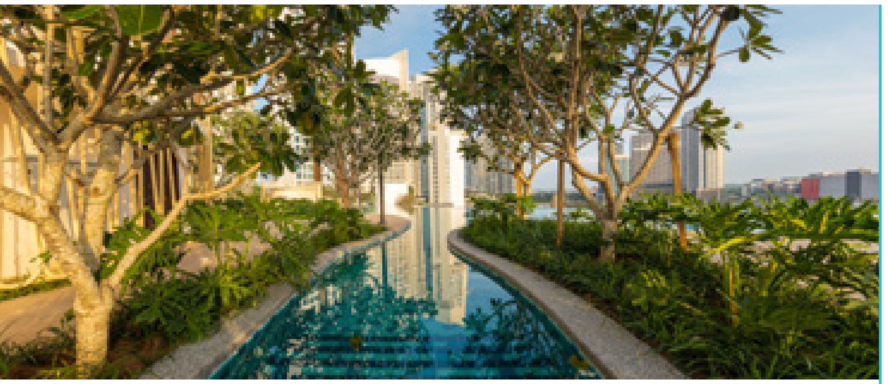
With over a decade in real estate investment management experience, the Group's property division has acquired both an extensive regional network as well as a solid background in development management, counting among its past investments the highly successful mixed-use project, Pavilion in Kuala Lumpur, within its portfolio of residential projects in key prime locations in Bangkok and Kuala Lumpur. In 2018, the Group successfully completed the construction of Phase 1 of the 1.3 million sq ft mixed-use Puteri Cove Residences and Quayside in Malaysia, where the residences have been sold to buyers of more than 28 different nationalities worldwide. The Group's high-rise residential development in Thailand, The Posh Twelve, is currently under construction.

The Group's non-property division includes the provision of aluminium works comprising design, fabrication and installation of building window systems and exterior curtain walls in the Singapore construction industry.

For more information, please visit
www.pacificstar-dev.com

* On 9 November 2017, the Company announced the change of financial year end from 31 December to 30 June.

SIGNIFICANT MILESTONES



Puteri Cove Residences and Quayside wins top awards at the Asia Pacific Property Awards 2017/ 2018 for:

Residential High-Rise Development
BEST IN MALAYSIA, 5-STAR

Residential Landscape Architecture
BEST IN MALAYSIA, 5-STAR

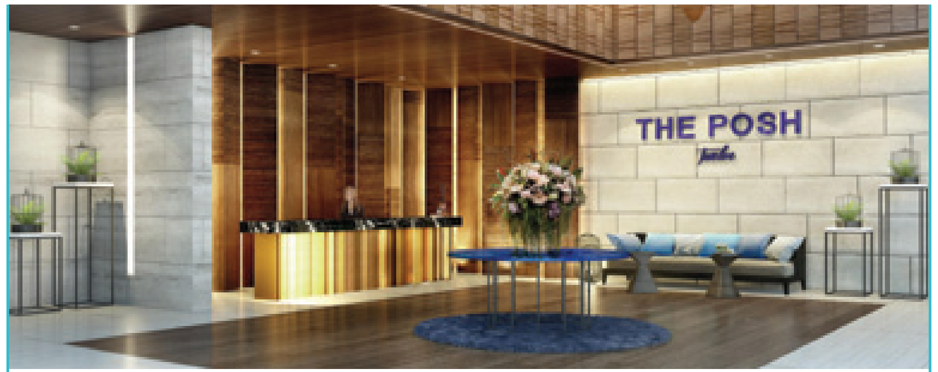
Mixed-Use Architecture
WINNER

Apartment/Condominium
WINNER

Mixed-Use Development
WINNER

CEO & Managing Director Mr Glen Chan of PSDL is named "2017 Malaysia Real Estate Personality of the Year" at the PropertyGuru Asia Property Awards (Malaysia) 2017; a testament to Mr Chan's accomplishments in bringing to life his vision of mixed-use, world-class lifestyle developments and raising the standards of Malaysian real estate.

The Group attains the Certificate of Completion and Compliance for Phase 1 of the Puteri Cove project, which comprises two 32-storey residential towers, four SOHO blocks and one 2-storey retail centre. This marks an important milestone and serves as a testament to the Group's expertise and execution of property development projects in ASEAN.



The Posh Twelve wins top accolades at the Asia Pacific Property Awards 2018/2019:

Residential High-Rise Development
BEST IN THAILAND, 5-STAR

Best Interior Design Show Home
WINNER

The first international phase of The Posh Twelve in Bangkok is fully sold, with 450 units snapped up by buyers from Hong Kong, Macau, Singapore and China.

FEBRUARY 2017 | MAY 2017 | AUGUST 2017 | SEPTEMBER 2017 | OCTOBER 2017 | FEBRUARY 2018 | MAY 2018 | JULY 2018

Successful completion of a S$140 million reverse takeover of LH Group.

Disposal of non-core vehicle business (Autotrax).

PSDL signs an MOU with prominent Indonesian developer PT Kukuh Mandiri Lestari to develop iconic waterfront project in Pantai Indah Kapuk 2, Jakarta.

PSDL announces partnership with leading Middle-East property developer DAMAC International to develop luxury properties across key cities in Southeast Asia. DAMAC International is part of DAMAC Group, which develops luxury real estate in the Middle East and has delivered over 21,700 units in the region.

The Group announces an MOU to be the exclusive Asset Manager for e-commerce start-up Crowdvilla Ltd., where the Group's asset management expertise will be engaged to enable Crowdvilla to build up a sizeable property portfolio of holiday accommodation globally. The new initiative with Crowdvilla provides a platform for PSDL to expand and connect its business into the blockchain sphere and build value by leveraging on the digital economy of real estate.

CHAIRMAN STATEMENT

"Aligned with strong fundamentals and growth trends in ASEAN, the Group will consciously evaluate new property development opportunities to enhance our core business."

DEAR SHAREHOLDERS,

On behalf of the Board of Pacific Star Development Limited ("PSDL" or the "Company" and together with its subsidiaries, the "Group"), it is my pleasure to present to you Pacific Star Development Limited's Annual Report for the financial year ended 30 June 2018 ("FY2018"), which covers 18 months from 1 January 2017 to 30 June 2018 as a result of the change in our financial year end.

It has been an eventful year for Pacific Star Development Limited following the reverse takeover of LH Group Limited on 15 February 2017. We have centered our efforts on repositioning Pacific Star Development Limited as a premier property developer in ASEAN with a focus on creating branded living lifestyles and property assets that internationally appeal to our targeted property buyers.

GROUP PERFORMANCE

The Group's two award-winning projects, Puteri Cove Residences and Quayside in Iskandar Puteri, Malaysia and The Posh Twelve in Bangkok, Thailand, have achieved strong sales momentum and popularity among local and international property buyers. This is a testament to our efforts in executing our revamped business strategy.

Notably, we achieved a strong turnaround with improving financial results quarter-on-quarter since our first results announcement in May 2017. This is a stark contrast to the two-year loss-making performance of LH Group Limited before the reverse takeover.

CREATING VALUE THROUGH NEW PARTNERSHIPS AND GROWTH PLATFORMS IN ASEAN

We have a clear business vision for Pacific Star Development Limited and the management team's track record in ASEAN is right placed to capitalise on the rising affluence and rapid urbanization trends in ASEAN's real estate market.

Aligned with strong fundamentals and growth trends in ASEAN, the Group will consciously evaluate new property development opportunities to enhance our core business. Accordingly, we will also target business prospects that offer synergistic benefits and growth potential for the Group. Pivotal to the Group's transformation and new initiatives, the Group's CEO and Managing Director,

"Notably, we achieved a strong turnaround with improving financial results quarter-on-quarter since our first results announcement in May 2017. This is a stark contrast to the two-year loss-making performance of LH Group Limited before the reverse takeover."

Mr Glen Chan, and the management team have leveraged on their specialised knowledge, strong execution capabilities and extensive network to harness these new opportunities within ASEAN's property market.

On this front, the Group has made headway in the financial year with the signing of a Memorandum of Understanding with prominent Indonesian Developer, PT Kukuh Mandiri Lestari, to jointly develop mixed-use high-rise developments on 10 hectares of prime sea-front land in Pantai Indah Kapuk 2, Jakarta. The Group also announced the partnership with a leading luxury real estate developer in Dubai, DAMAC International, to develop luxury properties across key cities in Southeast Asia.

In identifying new market trends, we have embarked on new growth platforms via a potential engagement as the Asset Manager to Crowdvilla Ltd. ("Crowdvilla"), a property-related holiday accommodation tech venture that aligns with our strengths and strong track record as a highly-experienced asset manager.

A NOTE OF APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt thanks to all our shareholders for their continual confidence, support and trust in us as we embark on our transformative journey as a premier property developer in ASEAN.

During this period, our Board has also undergone some changes and as announced previously, Mr Chua Siong Kiat, Executive Director and Head of the non-property division, and Mr Low Siew Sie Bob, Independent Director, stepped down on 13 July 2017 and 31 August 2017 respectively. Please join me in giving my appreciation to both of them for their contributions and service during their tenure in our Company as well as the successful completion of the reverse takeover exercise.

To further strengthen the collective capabilities, experience and knowledge of our Board, we would like to welcome Mr Teo Khee Hwee as our Non-Independent, Non-Executive Director and Ms Heng Su-Ling Mae as our Independent Director, both of whom were appointed on 1 August 2017 and 7 August 2017 respectively. I am confident that the Company will benefit from their invaluable advice and insights in the years ahead.

With strong ambitions for ASEAN's property market, we are confident that the future promises to be an exciting journey for the Group and we look forward to achieve greater milestones in the year ahead and beyond.

LEON YEE
Independent Non-Executive Chairman
Pacific Star Development Limited

Actual photographs taken at Puteri Cove Residences which was completed in February 2018.

CEO STATEMENT

"Our heritage and track record in property origination, property development and investment management provide us strong competitive advantages as we strengthen our brand name and expand our business footprint to capitalise on the rising affluence and urbanisation trends in selected gateway cities in ASEAN."

DEAR SHAREHOLDERS,

On behalf of your Board of Directors, I am pleased to present an overview of the Group for the financial year ended 30 June 2018 ("FY2018"), which covers 18 months from 1 January 2017 to 30 June 2018 as a result of the change in our financial year end from 31 December to 30 June.

Since my inaugural message to shareholders last year, I am pleased to share that the past 18 months have been a journey of both growth and evolution for Pacific Star Development Limited.

During this period, we have worked tirelessly to re-position the Group as an award-winning ASEAN real estate developer and the following lists some accomplishments and financial highlights:

- Attained the Certificate of Completion and Compliance for Phase 1 of the Puteri Cove Project in Puteri Harbour, Iskandar Puteri in Iskandar Malaysia
- Revenue for FY2018 increased 105.4% to S$121.4 million with net profit of S$25.0 million on the back of sales contribution from Puteri Cove Project
- Robust equity base with total assets growing 52.4% to S$199.3 million as compared to the end of the previous period reported being 31 December 2016 of S$130.8 million

CORPORATE MILESTONES

In February 2018, the Group attained the Certificate of Completion and Compliance for Phase 1 of the Puteri Cove project, which comprises two 32-storey residential towers, four SOHO blocks and one 2-storey retail centre. This marks an important milestone and serves as a testament to the Group's expertise and execution of property development projects in ASEAN.

In May 2018, the Group announced an MOU signed with e-commerce start-up Crowdvilla, whereby Pacific Star Development Limited will be the exclusive Asset Manager to enable Crowdvilla to build up a sizeable property portfolio of holiday accommodation globally.

"While we focus on long-term strategic vision and near-term execution, we will continue to be disciplined and selective in future opportunities. With a team-based and performance-oriented culture, we are geared towards achieving continual excellence as an established property developer in ASEAN."

This new initiative with Crowdvilla will allow us to showcase our asset management expertise and at the same time, provide a platform for Pacific Star Development Limited to expand and connect its business into the blockchain sphere and build value by leveraging on the digital economy of real estate.

CLEAR STRATEGY AND UNIQUE BUSINESS MODEL IN ASEAN

Pacific Star Development Limited aims to be recognised as an award-winning, innovative and premier property developer in the markets we choose to be in.

Our heritage and track record in property origination, property development and investment management provide us strong competitive advantages as we strengthen our brand name and expand our business footprint to capitalise on the rising affluence and urbanisation trends in selected gateway cities in ASEAN.

The ASEAN region is fast becoming a major economic force in Asia and a key driver of global growth, with its young population, growing middle class and rapid urbanisation.

The grouping, now the sixth-largest economy in the world, is expected to become the fourth-largest by 2030, after the European Union, United States and China. In addition, ASEAN's growth is projected to continue for the next five years with its GDP growth averaging 5.4% in recent years which is above the global norm*. Because of strong economic drivers and solid macro fundamentals within ASEAN, we have identified various gateway cities in ASEAN to build up a strong, diversified portfolio of development properties.

To this end, since Pacific Star Development Limited's business transformation in February 2017, the Group has made major strides in its property development business with strong projects in the pipeline and the establishment of new business partnerships and strategic alliances. In October 2017, the Group announced the partnership with Dubai's leading luxury real estate developer, DAMAC International, to develop luxury properties across key cities in Southeast Asia. In Jakarta, pursuant to the Memorandum of Understanding with PT Kukuh Mandiri Lestari to jointly develop mixed-use high-rise developments on 10 hectares of prime sea-front land in Pantai Indah Kapuk 2, the Group expects to finalise the definitive agreements with the joint venture partners and embark on property development activities in the largest populous country in ASEAN.

BUSINESS REVIEW

During the 18-month period, it has been a momentous period for the Group with significant growth in our financial performance.

After the completion of the reverse takeover on 15 February 2017, the combined Group now encompasses both property and non-property businesses.

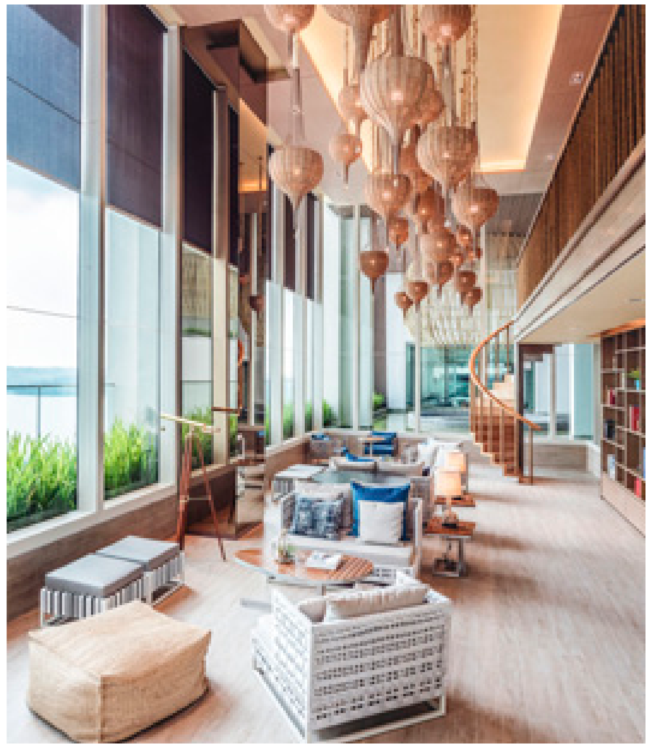
On the property division front, the Group is currently developing and managing two award-winning projects, Puteri Cove Project in Malaysia, and The Posh Twelve in Thailand.

Both property projects have to date won more than 13 awards for development excellence and have been well received by international buyers with strong sales registered since the projects were launched. Puteri Cove Residences is today one of the most successful projects in Iskandar Puteri with buyers from more than 28 countries.

For FY2018, the Group continued to recognise revenues and profits from the Puteri Cove Project, which contributed towards a majority of the Group's overall financial performance.

** Source : https://www.mfa.gov.sg/content/mfa/overseasmission/asean/press_statements_speeches/2018-01/2018-08/Press_2018-08-29.html*

CEO STATEMENT

Puteri Cove Residences, which started its handover to homeowners since February 2018, offers more than 30 world-class facilities and amenities such as daily concierge staff stationed at its elegantly appointed tower lobbies and a double volume sky library.

Separately, the first international sales phase of The Posh Twelve has seen strong foreign buying interest. However, adhering to accounting standards, revenue from the property sales of The Posh Twelve is only recognised upon delivery of the property after development, hence there was no revenue contribution from this project during the period under review.

The Group's non-property aluminium division, which provides design, fabrication and installation of building window systems and exterior curtain walls in the Singapore construction industry, also contributed positively to the Group's revenue in FY2018.

Overall, the Group registered revenue of approximately S$121.4 million with a net profit of approximately S$25.0 million in FY2018.

FUTURE ROADMAP

From this strong foundation, we step into the new financial year with great excitement, buoyed by cautious optimism, as we are inspired by the market momentum and opportunities in ASEAN.

While we focus on long-term strategic vision and near-term execution, we will continue to be disciplined and selective in future opportunities. With a team-based and performance-oriented culture, we are geared towards achieving continual excellence as an established property developer in ASEAN.

Here, I wish to express my appreciation to our employees for their dedication and commitment in Pacific Star Development Limited's transformative journey as a fast-growing property developer in ASEAN. On behalf of everyone at Pacific Star Development Limited, we thank our fellow shareholders, business partners, suppliers and bankers for their continued confidence and unwavering support.

As we continue to raise the bar in ASEAN, we look forward to create sustainable, quality results for all of our stakeholders.

GLEN CHAN
CEO & Managing Director
Pacific Star Development Limited

OPERATIONS & FINANCIAL REVIEW

INCOME STATEMENT

REVENUE

The Group's year to date revenue increased by $62.3 million or 105.4% from $59.1 million in 12M2016 to $121.4 million in FY2018 as the Group's iconic project Puteri Cove Residences & Quayside in Puteri Harbour, Iskandar Puteri in Iskandar Malaysia ("Puteri Cove Project") continues to contribute positively to the Group's revenue and earnings. The Group's development has attained the Certificate of Completion and Compliance for Phase 1.

COST OF SALES

In line with the increase in revenue, the Group's cost of sales also increased by $32.9 million or 109.1% from $30.1 million in 12M2016 to $63.1 million in FY2018. Accordingly, the Group's gross profit increased by $29.4 million or 101.4% from $29.0 million in 12M2016 to $58.4 million in FY2018.

OTHER OPERATING INCOME

Other operating income increased by $0.6 million or 18.2% from $3.3m in 12M2016 to $3.9 million in FY2018, mainly due to an increase of $1.0 million from the reversal of warranty of the non-property division, gain on acquisition of subsidiaries (negative goodwill) of $1.2 million which was partially offset by an absence of a reversal of impairment loss on other receivables by $2.8 million in 12M2016.

MARKETING AND DISTRIBUTION EXPENSES

Marketing and distribution expenses rose by $4.3 million or 190.1% due to higher marketing and distribution costs such as higher agent commission, agency fees and marketing campaigns and events like roadshows and publicity to achieve higher sales.

OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses increased by $6.7 million or 169.4% from $4.0 million in 12M2016 to $10.7 million in FY2018 due to higher number of staff hired and higher staff costs in line with higher project development activity.

NET PROFIT AFTER TAX

The Group recorded a net profit after tax of $25.0 million in FY2018 compared to $17.3 million in 12M2016, an increase of 44.5%.

STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

The total assets of the Group increased by $68.5 million from $130.8 million as at 31 December 2016 to $199.3 million as at 30 June 2018. Together with the increase in total liabilities for the same period of $46.7 million, the Group's net assets increased from $30.4 million as at 31 December 2016 to $52.1 million as at 30 June 2018.

The current assets of the Group increased by $68.9 million to $199.1 million as at 30 June 2018 from $130.2 million as at 31 December 2016. The increase was mainly due to the inclusion of the current assets of the non-property division of $5.0 million as at 30 June 2018 and the increase in current assets of the property division of approximately $63.9 million. The current assets of the non-property division as at 30 June 2018 include: (i) trade and other receivables of $3.4 million, (ii) inventories of $0.7 million and (iii) cash and bank balances of $0.9 million.

LIABILITIES

The non-current liabilities of the Group decreased by $7.2 million to $43.3 million as at 30 June 2018 from $50.5 million as at 31 December 2016 due to property division's repayment of loans, which was offset by additional draw downs from bridging and fixed loans and additional unwinding of implicit interest component of loans from non-controlling interests. An increase in provision for warranty of $1.1 million as at 30 June 2018 is due to the inclusion of non-property division.

The current liabilities of the Group increased by $54.0 million to $103.9 million as at 30 June 2018 from $49.9 million as at 31 December 2016 mainly due to the inclusion of the current liabilities of the non-property division of approximately $3.0 million and increase of current liabilities of property division of $51.0 million.

CASH FLOW

Cash used in operating activities increased by $11.9 million, which arose mainly due to higher cash usage in operating activities after movements in working capital of $6.0 million and higher tax payment of $4.5 million. Cash used in investing activities increased due to cash consideration of $16.0 million paid in relation to the RTO, offset by the cash acquired of $7.5 million. Cash generated from financing activities increased by $12.9 million to $30.8 million due mainly to the placement of shares of $8.5 million and withdrawal of fixed deposits of $4.6 million.

BOARD OF DIRECTORS

YEE KEE SHIAN, LEON
Independent Non-Executive Chairman

MR YEE was appointed as the Independent Non-Executive Chairman of Pacific Star Development Limited on 15 February 2017. He is the Chairman and the Managing Director of Duane Morris & Selvam LLP, a leading international law firm, and serves as its Global Head of Corporate as well as the Head of the firm's China Practice Group. He has over 16 years of corporate law experience and regularly advises ultra-high net worth individuals, private equity funds, investment banks, listed and private companies on banking & finance, corporate finance, venture capital, capital markets, takeovers, cross-border mergers and acquisitions, corporate restructurings and joint ventures. He serves as an independent director on the board of Federal International (2000) Ltd, a company listed on the Main Board of the SGX-ST. Mr Yee graduated with a Bachelor of Arts (Law) and a Master of Arts from the University of Cambridge. He is an Advocate & Solicitor of the Supreme Court of Singapore and a Solicitor of the Supreme Court of England and Wales. He is a member of the Tan Kah Kee International Society and serves as a visiting Professor of Law at Jimei University, China and as Distinguished Fellow of the Singapore Scout Foundation.

GLEN CHAN
CEO and Managing Director

MR CHAN was appointed as the CEO and Managing Director of Pacific Star Development Limited on 15 February 2017. Mr Chan oversees and manages the Company's investments in real estate development projects in ASEAN and is also involved in all key aspects of the operations, business and strategic planning of Pacific Star Development Limited. Mr Chan has over 30 years of comprehensive experience in all aspects of real estate development and investments with in-depth expertise in development management, deal structuring, transaction management and investment management in both development projects and existing properties. Prior to joining the Company's Property Division, Mr Chan was an Executive Director in CBRE Singapore, a member of the CBRE Asia Board of Directors, Country Head and Managing Director of CBRE Indonesia. He obtained his Bachelor of Science in Estate Management (2nd lower honours) from National University of Singapore in 1988.

HENG SU-LING MAE
Independent Non-Executive Director

MS HENG was appointed as an Independent Non-Executive Director of Pacific Star Development Limited on 7 August 2017. She also serves as the Audit Committee Chairman and a member of the Nominating Committee and Remuneration Committee. Currently, Ms Heng also holds positions as an independent director of HRnet Group Limited, Ossia International Limited, Chuan Hup Holdings Limited and Apex Healthcare Berhad. In addition, she holds directorships in her family-owned investment holding companies. Ms Heng has over 17 years of experience in an audit, corporate finance and business advisory environment, having previously worked in Ernst and Young LLP. In senior management positions, her audit portfolio included several Singapore publicly listed companies, multinational companies and private companies of various sizes and industries operating globally. She is a Chartered Accountant. Ms. Heng graduated with a Bachelor of Accountancy from Nanyang Technological University, Singapore in 1992 and is a Member of the Institute of Singapore Chartered Accountants (ISCA).

PEH SIONG WOON TERENCE
Non-Independent Non-Executive Director

MR PEH was appointed as a Non-Independent Non-Executive Director of Pacific Star Development Limited on 15 February 2017. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee. Mr Peh is the CEO and Executive Director of Chuan Hup Holdings Limited. He is also the Executive Vice Chairman and Executive Director of PCI Limited. He oversees the strategic direction, investments and management of these 2 listed entities. Mr Peh is also a Non-Executive Director of Finbar Group Limited, which is listed on the Australian Securities Exchange. Overall, Mr Peh has over 20 years of experience in property development investment and project management in Asia Pacific, and management experience in finance in the marine and electronics manufacturing services industries. Mr Peh holds a Master of Commerce in Finance from the University of New South Wales, Australia and a Bachelor of Commerce in Marketing from Curtin University of Technology, Australia.

TAN HAI PENG MICHEAL
Non-Independent Non-Executive Director

MR TAN is a Non-Independent Non-Executive Director of Pacific Star Development Limited. He is also an Independent Director of Marco Polo Marine Limited which is listed on the Main Board of the SGX-ST. Mr Tan is an Executive Director of Ho Lee Group Pte. Ltd.. Since February 1996 (in respect of Ho Lee Group Pte. Ltd.) and September 2007 (in respect of the Company) up till the completion of the reverse takeover, Mr Tan had been active in his roles as a key member of the executive team in these two (2) companies. Mr Tan graduated with a Master of Business Administration (Senior Executive) degree from the National University of Singapore in December 2004 and a Bachelor of Science in Computer Engineering with Highest Honour from the Florida Institute of Technology, USA in August 1990. Mr Tan was conferred the Public Service Star in 2017 and Public Service Medal in 2011 for his contributions to public services in Singapore.

TEO KHEE HWEE
Non-Independent Non-Executive Director

MR TEO was appointed as a Non-Independent Non-Executive Director of Pacific Star Development Limited on 1 August 2017. He is currently a consultant to organisations and is serving as an Adjunct Associate Professor at various universities. These include Nanyang Technological University, Singapore University of Social Science and Murdoch University. Mr Teo had previously worked in DBS Bank, Informatics Group and Ernst & Young. Mr Teo is the Founding Chairman of the Institute of Valuers and Appraisers of Singapore (IVAS), and is also the Chairman of the International Valuation Standards Council (IVSC) Membership and Standards Recognition Board. Mr Teo holds a Master of Business Administration from Curtin University, Bachelor of Economics from The University of Western Australia and a Graduate Diploma in Applied Finance & Investment from the Financial Services Institute of Australasia (Finsia). He is currently a Chartered Accountant (Singapore), Chartered Accountant (Australia and New Zealand), CPA (Australia), Chartered Valuer and Appraiser (Singapore), Senior Fellow of Finsia and Fellow of the Royal Institution of Chartered Surveyors (RICS).

MANAGEMENT

GLEN CHAN
CEO and Managing Director

MR CHAN is the CEO and Managing Director of Pacific Star Development Limited. Mr Chan oversees and manages the Company's investments in real estate development projects in ASEAN and is also involved in all key aspects of the operations, business and strategic planning of Pacific Star Development Limited. Mr Chan has over 30 years of comprehensive experience in all aspects of real estate development and investments with in depth expertise in development management, deal structuring, transaction management and investment management in both development projects and existing properties. Prior to joining the Company's Property Division, Mr Chan was an Executive Director in CBRE Singapore, a member of the CBRE Asia Board of Directors, Country Head and Managing Director of CBRE Indonesia. He obtained his Bachelor of Science in Estate Management (2nd lower honours) from National University of Singapore in 1988.

Mr Chan was conferred the 2017 Malaysia Real Estate Personality of the Year award at the PropertyGuru Asia Property Awards 2017, where he was recognised by the industry for bringing to life his vision of mixed-use, world-class lifestyle developments to Malaysian real estate and raising the standards of mixed-use properties on an international scale, in particular the multiple award-winning Puteri Cove Residences and Quayside in Iskandar Puteri, which has since garnered an outstanding 10 industry accolades.

ANDREW SEET
Group General Manager and Executive Vice President

MR SEET is the Group General Manager and Executive Vice President of Pacific Star Development Limited. He assists the CEO to manage the business operations of the Company comprising the Property and Non-Property Divisions in Singapore as well as its other offices in South East Asia.

Mr Seet has more than 28 years of experience in real estate investment and development, covering the full spectrum of real estate functions from land acquisition, design development, project development, project launch and marketing, within the main markets of Singapore, Indonesia and China, as well as key markets in Malaysia, Thailand and Vietnam. Prior to joining the Company, he was the Country Head of Hongkong Land Limited, stationed in Jakarta, overseeing all of Hongkong Land's business operations and residential projects in Indonesia. He also served as the Global Head of Real Estate at China Sonangol International Holding Limited and General Manager of Keppel Land Guangdong based in Zhongshan, China. Mr Seet graduated from the National University of Singapore with a Bachelor of Science in Estate Management (2nd class Lower Honours) in 1990.

KEY EXECUTIVES

MERLISSA ELVIN-POULOSE
Head of Corporate Communications and Senior Vice President

MS ELVIN is Head of Corporate Communications and Senior Vice President at Pacific Star Development Limited, where she oversees a team responsible for strategic public relations, branding and marketing communications of the Group's corporate brand and real estate portfolio in ASEAN.

She was previously Head of Corporate and Marketing Communications at GuocoLand Limited, where she managed the communications strategies for the listed Group's multi-billion developments in Asia. As former Head of Marketing and Public Relations Asia for global human resources consultancy for then Hewitt Associates (now AON Hewitt), her mandate spanned 10 Asian countries. At international real estate agency, Knight Frank, she rose through the ranks to Head of Corporate Communications Asia. Ms Elvin started her career handling public relations and promotions for world-renowned Raffles Hotel. She holds a Masters of Marketing Communications (Distinction) from the University of Canberra.

NG YUI WEI
Group Financial Controller

MR NG joined the Group as Group Financial Controller in February 2018 and is responsible for the Group's statutory financial accounts, consolidation and financial reporting to the SGX-ST and overall financial and accounting management of the Group.

Mr Ng has more than 18 years of experience in finance and accounting in various industries/organisations and held several financial roles, which included overseeing the finance and accounting function of both private & SGX listed companies. These include Deloitte & Touche, YHI International Ltd, Alstom Transport (S) Pte Ltd, TEE International Ltd, TEE Land Ltd, Taka Jewellery Pte Ltd, and Acesian Partners Ltd.

Mr. Ng graduated with a Bachelor of Business (Economics) degree from University of Leicester and obtained a Master of Commerce in Professional Accounting from the University of New South Wales. He is a member of the Institute of Singapore Chartered Accountants, a member of CPA Australia and a Certified Internal Auditor.

DARREN CHUA
Head of Legal and Vice President

MR CHUA is Head of Legal and Vice President at Pacific Star Development Limited. He acts as the Group's general counsel and oversees the Group's legal matters. In addition, Mr Chua carries out business development and works on the Group's various technology initiatives. Mr Chua has over seven years' experience in the legal industry, having been a corporate lawyer specialising in Mergers & Acquisitions and Corporate Finance in Rajah & Tann LLP and Shook Lin & Bok LLP, two of the largest law firms in Singapore.

Mr Chua holds a Bachelor of Laws (Honours) and a Bachelor of Business Administration (Honours) from the National University of Singapore, graduating from the NUS Double Degree Programme in 2011. He was called to the Singapore Bar as an Advocate & Solicitor in 2012.

PROPERTY DIVISION

CURRENT PORTFOLIO

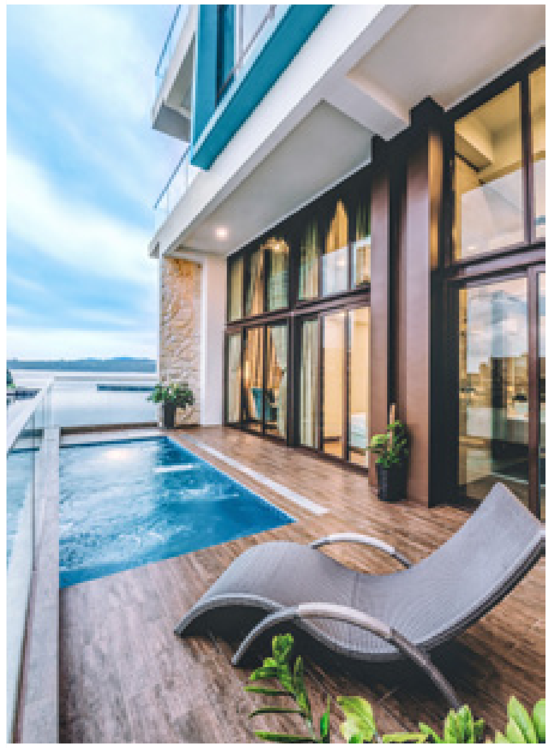
PUTERI COVE RESIDENCES

Puteri Cove Residences successfully attained its Certificate of Completion and Compliance in 2018. The multiple award-winning luxury mixed-use development is widely recognised as one of the most successful projects in Iskandar Puteri with buyers from more than 28 countries.

Puteri Cove Residences and Quayside is a freehold mixed-use development located in master planned Puteri Harbour, comprising a condominium with 658 luxury apartments in two 32-storey tower blocks, SOHO, lofts, Pan Pacific Serviced Suites, and an exciting lifestyle retail centre, all overlooking a One°15 managed private marina. It is one of the most successful projects in Iskandar Puteri with buyers from more than 28 countries.

The Puteri Cove project attained the Certificate of Completion and Compliance for Phase 1 which comprises two 32-storey residential towers, four SOHO blocks and one 2-storey retail centre. This marks an important milestone and serves as a testament to the Group's expertise and execution of property development projects in ASEAN.

SOHO Type B1/B2 2 bedroom units



The SOHO Collection features 56 exclusive freehold SOHOs / Lofts overlooking the stunning views of ONE°15 Puteri Harbour private marina.

The SOHO Collection of Puteri Cove Residences was launched in August 2018 in fully fitted, move-in condition.

It features 56 exclusive freehold SOHOs / Lofts overlooking the stunning views of ONE°15 Puteri Harbour private marina.

PUTERI COVE QUAYSIDE

Puteri Cove Quayside is built to mirror world-class marina projects offering prime waterfront retail and F&B.

Puteri Cove Quayside features two storeys of 78 commercial and F&B units spread across 120,000 sq ft overlooking ONE°15 Puteri Harbour private marina, as well as a breezy and inviting promenade.

Puteri Cove Quayside has secured leasing commitments comprising various well-known F&B brands/concepts as well as the first upmarket grocer brand in Iskandar Puteri. These include anchor tenant PASAR Gourmet Market which is located on the ground floor occupying 15,000 sq ft. When operational, it will unveil a full assortment of up to 60% internationally sourced food merchandise with dedicated counters offering niche products to cater to specific nationalities such as Korean and Japanese.

CURRENT PORTFOLIO

THE POSH TWELVE

The Posh Twelve is an award-winning development offering premium resort-style residences located in an up-and-coming suburban area within walking distance to an MRT station.

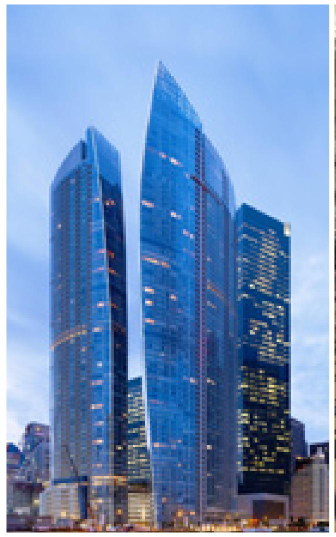
The Posh Twelve is a freehold condominium with 1,373 apartments in two blocks and 7 commercial units in Tiwanon, Bangkok, superbly located within a three-minute walk from the Ministry of Health MRT station on Bangkok's purple line. The Posh Twelve is the tallest residential development in the Tiwanon Nonthaburi area in Bangkok, a premium residential development offering innovative units of unblocked 1 and 2 bedroom apartments as well as rare duplex loft units.

It is located in Bangkok's expanding city core, as Bangkok places greater emphasis on promoting growth centres outside the traditional city centre. Being in the heart of this new 'city' with easy access to Bangkok in less than 30 minutes, The Posh Twelve offers a superior lifestyle with a proven appeal, as was evident when the first international phase of units was fully sold in July 2018, where 450 units were snapped up by buyers from Hong Kong, Macau, Singapore and China.

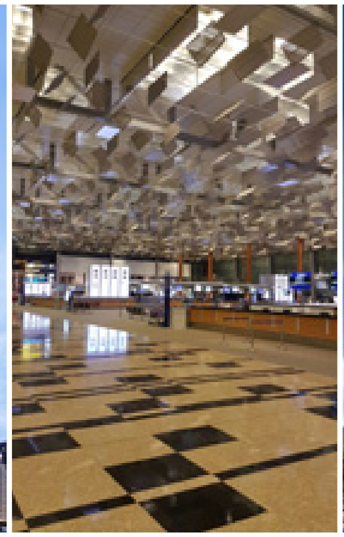
PROPERTY DIVISION

The Posh Twelve is currently under construction and will feature a panoramic Sky Library and 360° Club Lounge overlooking Bangkok's city skyline when completed.

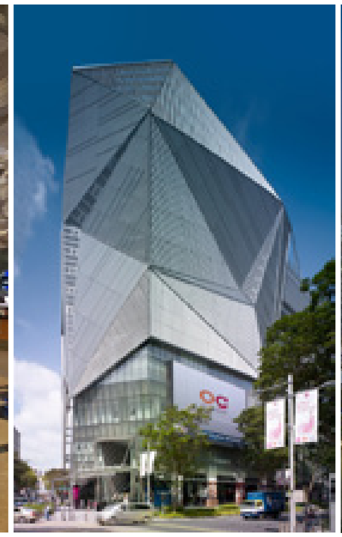
NON-PROPERTY DIVISION



The Sail @ Marina Bay



Changi Airport Terminal 3



Orchard Central

Yale-NUS College

The business and experience of the non-property aluminium division includes design, fabrication and installation of building façade and interior wall such as curtain walling system cladding system, high quality doors and windows.

The aluminium division's technical expertise and track record accumulated over the years has enabled the Group to register with the top grading (L6) with the Singapore Building and Construction Authority. This allows the division to tender for projects with unlimited tender values.

The aluminium division's track record include several Housing Development Board projects such as The River Vista @ Kallang and The SkyTerrace @ Dawson, as well as private projects such as Singapore Changi Airport Terminal 3, The Sail @ Marina Bay, The Capella @ Sentosa, Educational Institution Building @ Tampines – United World College South East Asia, Orchard Central, The Clift @ McCallum Street, The Tennery, Floridian and Jardin Condominium.

Sembawang Neighbourhood 1 Contract 4 & 5

Clementi Neighbourhood 4 Contract 10

Kampung Admiralty

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Yee Kee Shian, Leon, *Independent Non-Executive Chairman*
Mr Glen Chan, *Chief Executive Officer and Managing Director*
Ms Heng Su-Ling Mae, *Independent Non-Executive Director*
Mr Peh Siong Woon Terence, *Non-Independent Non-Executive Director*
Mr Tan Hai Peng Micheal, *Non-Independent Non-Executive Director*
Mr Teo Khee Hwee, *Non-Independent Non-Executive Director*

AUDIT COMMITTEE

Ms Heng Su-Ling Mae, *Chairman*
Mr Yee Kee Shian, Leon, *Member*
Mr Peh Siong Woon Terence, *Member*

NOMINATING COMMITTEE

Mr Yee Kee Shian, Leon, *Chairman*
Ms Heng Su-Ling Mae, *Member*
Mr Peh Siong Woon Terence, *Member*

REMUNERATION COMMITTEE

Mr Yee Kee Shian, Leon, *Chairman*
Ms Heng Su-Ling Mae, *Member*
Mr Peh Siong Woon Terence, *Member*

EXECUTIVE COMMITTEE

Mr Yee Kee Shian, Leon, *Chairman*
Mr Glen Chan, *Member*
Mr Peh Siong Woon Terence, *Member*

REGISTERED OFFICE

Blk 8 #08-05 Liang Huat Industrial Complex
51 Benoi Road Singapore 629908
Website: www.pacificstar-dev.com

REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

PRINCIPAL BANKERS

CIMB Bank
Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd

THE AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Low Bek Teng
(Date of Appointment: since financial year ended 30 June 2018)

COMPANY SECRETARY

Ms Liew Meng Ling

The Board of Directors (the "Board") is committed to ensure that a high standard of corporate governance is practised throughout Pacific Star Development Limited (the "Company") and its subsidiaries (collectively, the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

This report describes the Group's corporate governance practices and structures that were in place during the financial period from 1 January 2017 to 30 June 2018 ("FY2018"), with specific reference to the principles and guidelines of the revised Code of Corporate Governance 2012 (the "Code") and, where applicable, the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Companies Act (Chapter 50 of Singapore) ("Companies Act") and the Audit Committee Guidance Committee ("ACGC") Guidebook, focusing on areas such as internal controls, risk management, financial reporting, internal and external audits.

The Board is pleased to confirm that for FY2018, the Group has adhered to the principles and guidelines as set out in the Code and the Catalist Rules, where applicable and except where otherwise stated.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board of Directors as at the date of this report comprises:-

Mr. Yee Kee Shian, Leon	(Independent Non-Executive Chairman)
Mr. Glen Chan	(Chief Executive Officer and Managing Director)
Ms. Heng Su-Ling Mae	(Independent Non-Executive Director)
Mr. Peh Siong Woon Terence	(Non-Independent Non-Executive Director)
Mr. Tan Hai Peng Micheal	(Non-Independent Non-Executive Director)
Mr. Teo Khee Hwee	(Non-Independent Non-Executive Director)

The Board's role is to:

- Provide entrepreneurial 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 risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
- Review management's performance;
- Identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
- Set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met;
- Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulations; and
- Approve major investment and funding decisions.

The Board regularly reviews the Group's strategic business plans, the assessment of key risks by management and the operational and financial performance of the Group to enable the Group to meet its objectives. The Board has overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management systems and internal controls to safeguard shareholders' interests and the Group's assets. All Board members bring their independent judgement, diversified knowledge and experience to bear on issues of strategy, performance, resources and standards of conduct and ethics.

The Board objectively takes decisions in the interests of the Group. The Board has delegated specific responsibilities to four Committees, namely the Executive Committee ("EXCO"), Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Information on each of the four Committees is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Company has in place a set of internal controls and guidelines that sets out finance authorisation and approval limits for investments, divestments, capital and operating expenditures and expenses. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to management to facilitate operational efficiency.

The Company was listed on the Catalist of the SGX-ST on 16 February 2017 pursuant to a reverse takeover of LH Group Limited (the "RTO"). Subsequent to the completion of the RTO (the "Completion"), the Company held its first Board and Committee meeting on 24 March 2017.

The Board meets at least four times a year. Fixed meetings are scheduled at the start of each year. Ad hoc meetings are called as and when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings.

The Constitution of the Company allows directors to participate in a Board meeting by telephone conference or video-conference whereby all persons participating in the meeting are able to communicate as a group, without requiring the director's physical presence at the meeting. The numbers of Board and Board Committee meetings held in FY2018 and the attendance of directors during these meetings are as follows:

	Board	Audit Committee	Remuneration Committee	Nominating Committee	Executive Committee
No. of meetings held	**7**	**8**	**3**	**4**	**1**
<u>No. of meetings attended</u>:					
Yee Kee Shian, Leon	6	7	2	3	1
Glen Chan	7	8*	3*	3*	1
Heng Su-Ling Mae	4	5	1	–	–
Peh Siong Woon Terence	6	7	2	3	1
Tan Hai Peng Micheal	6	6*	3*	3*	–
Teo Khee Hwee	4	4*	1*	–	–
Low Siew Sie Bob (1)	4	4	3	4	–
Chua Siong Kiat (2)	3	3*	2*	3*	–
Tan Hai Seng Benjamin (3)	–	–	–	–	–
Lim Teck Leong David (4)	1	1	1	1	–

(1) Resigned as director on 31 August 2017.

(2) Resigned as director on 13 July 2017.

(3) Tan Hai Seng Benjamin was a director of the Company prior to the Completion. Pursuant to which, he resigned as director on 15 February 2017.

(4) Lim Teck Leong David was a director of the Company prior to the Completion. Pursuant to which, he resigned as director on 15 February 2017.

* Attended by invitation

A formal letter is provided to each director upon his appointment, setting out the director's duties and obligations. The Group also conducts an orientation programme for new directors to familiarise them with the business activities of the Group, its strategic direction and corporate governance practices. The Company will also provide training for directors with no prior experience as a director of a listed company in Singapore organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific, where applicable.

For the financial period under review, Ms Heng Su-Ling Mae was appointed to the Board as an Independent Director on 7 August 2017 and Mr Teo Khee Hwee was appointed to the Board as an Non-Independent, Non-Executive Director on 1 August 2017.

To keep pace with new laws, regulations, changing commercial risks and financial reporting standards, all directors are encouraged to be members of the Singapore Institute of Directors and attend specifically tailored training conducted by professionals at least annually. Directors are also encouraged to attend, at the Group's expense, relevant and useful seminars for their continuing education and skills improvement courses that are conducted by external organisations. The Company Secretary will bring to directors' attention information on seminars that may be of relevance or use to them.

Principle 2: Board Composition and Independent Directors

The Board currently comprises one (1) Executive Director and five (5) Non-Executive Directors as follows:

Mr. Yee Kee Shian, Leon	(Independent Non-Executive Chairman)
Mr. Glen Chan	(Chief Executive Officer and Managing Director)
Ms. Heng Su-Ling Mae	(Independent Non-Executive Director)
Mr. Peh Siong Woon Terence	(Non-Independent Non-Executive Director)
Mr. Tan Hai Peng Micheal	(Non-Independent Non-Executive Director)
Mr. Teo Khee Hwee	(Non-Independent Non-Executive Director)

The Board consists of six (6) directors, of whom two (2) are independent, namely Mr. Yee Kee Shian, Leon and Ms. Heng Su-Ling Mae.

Accordingly, the Independent Directors make up one-third of the Board.

The Board has noted that Ms Heng Su-Ling Mae is an independent director of Chuan Hup Holdings Limited, which indirectly holds a 35.5% interest in the Company via CH Biovest Pte. Limited. CH Biovest Pte. Limited is a wholly-owned subsidiary of Chuan Hup Holdings Limited. The Nominating Committee has observed that she is still able to exercise strong independent judgement in her deliberations and act in the best interests of the Company. Accordingly, the Nominating Committee is of the view that the above relationship has not impacted Ms Heng Su-Ling Mae's ability to act with independent judgment in the discharge of her responsibilities as a Director of the Company. The Board has taken into account and concurs with the views of the Nominating Committee, and is of the view that Ms Heng Su-Ling Mae should be deemed independent. Both Mr Peh Siong Woon Terence and Ms Heng Su-Ling Mae had abstained from the discussions and taking a decision in respect of her independence.

All directors are required to disclose any relationships or appointments which would impair their independence to the Board in a timely manner. In addition, the Board, on annual basis, determines whether or not a director is independent, taking into account the Code's definition. The Board had assessed the independence of each Independent Director and any Independent Director whose tenure had exceeded nine (9) years from the date of their first appointment. The Board is of the view that an individual's independence cannot be arbitrarily determined merely on the basis of a set period of time. The Independent Directors continue to provide stability to the Board and the Group has benefited greatly from the presence of individuals who are specialists in their own fields and they have, over time, not only gained valuable insight into the Group, its business, markets and industry but have brought their breadth and depth of business experience to the Group.

Save as disclosed, the Independent Directors have no relationship with the Company, its related companies, its 10% shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Group, and they have been able to exercise objective judgement on corporate affairs independently from management and its majority shareholders.

As at the date of this Annual Report, none of the Independent Directors have served on the Board beyond nine (9) years since the date of his/her first appointment. Nonetheless, the Board will assess the independence of each Independent Director and whose tenure had exceeded nine years from the date of their first appointment. The independence of such directors will be subjected to particularly rigorous review.

Based on the Board's observation, taking into account the views of the NC, the Independent Directors have demonstrated independent mindedness and conduct at Board and Committee meetings. The Board is of the firm view and opinion that the Independent Directors are able to exercise independent judgement in the best interests of the Company in the discharge of their duties as Independent Directors.

The Board reviews the size of the Board on an annual basis, and considers the present Board size as appropriate for the current scope and nature of the Group's operations. As Independent Directors make up one-third of the Board, no individual or group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of Independent Directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the directors have an equal responsibility for the Group's operations, the role of these Non-Executive Directors is particularly important in ensuring that the strategies proposed by management are constructively challenged, fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Non-Executive Directors also review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. The Non-Executive Directors are also encouraged to meet regularly without the presence of management.

The Board comprises businessmen and includes professionals with financial, accounting and legal backgrounds. Profiles of the Directors are set out in the "Board of Directors" section of this Annual Report. The NC is of the view that the Board consists of persons who, as a group, provide core competencies such as business and management experience, industry knowledge, legal expertise, financial and strategic planning experience and knowledge that are necessary to meet the Company's objectives.

Principle 3: Chairman and Chief Executive Officer

Mr Yee Kee Shian, Leon is the Independent Non-Executive Chairman and Mr Glen Chan is the Chief Executive Officer ("CEO") and Managing Director ("MD") of the Company. The role of the Chairman and the CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and CEO are not related. The division of responsibilities between the Chairman and the CEO has been set out in a set of guidelines reviewed and endorsed by the Board.

The Chairman ensures that Board meetings are held as and when necessary. He leads the Board to ensure its effectiveness and approves the agenda of each Board meeting. The Chairman reviews most Board papers before they are presented to the Board and ensures that Board members are provided with accurate, timely and clear information. Further, he ensures that all agenda items included in the Board papers are provided sufficient airtime and adequately debated at Board meetings. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during the Board meetings. The Chairman monitors communications and relations between the Company and its shareholders, within the Board and between the Board and management, with a view to encourage constructive relations and dialogue amongst them. The Chairman works to facilitate the effective contribution of Non-Executive Directors. The foregoing responsibilities of the Chairman are included in the abovementioned guidelines endorsed by the Board.

The CEO and MD takes a leading role in developing the business of the Group and manages the day-to-day operations with the assistance of key management personnel. He also oversees the execution of the Group's business and corporate strategy decisions made by the Board.

NOMINATING COMMITTEE ("NC")

Principles 4 and 5: Board Membership and Performance

The NC comprises three (3) Non-Executive Directors, the majority of whom, including the Chairman of the NC, are independent. The NC is chaired by an Independent Non-Executive Director and, as at the date of this Annual Report, the NC members are:

Mr. Yee Kee Shian, Leon	(Chairman)
Ms. Heng Su-Ling Mae	(Member)
Mr. Peh Siong Woon Terence	(Member)

The NC has a written Terms of Reference endorsed by the Board that sets out its duties and responsibilities. Amongst them, the NC is responsible for making recommendations to the Board on all board appointments, evaluation of performance of the Board and its Committees, members and directors, adequacy of the Board's training and professional development programmes and reviewing the Board's succession plans for directors, in particular the Chairman and the CEO. The majority of the NC, including the Chairman of the NC, Mr Yee Kee Shian, Leon, is independent.

The NC is also responsible for determining annually the independence of directors. In doing so, the NC takes into account the circumstances set out in the Code and takes into account factors such as relationships with the Company, its related corporations, its 10% shareholders or its officers and whether these relationships interfere with his/her judgement. Following its annual review for FY2018, the NC has endorsed the following independence status of Mr Yee Kee Shian, Leon and Ms Heng Su-Ling Mae.

The NC is satisfied that sufficient time and attention are given by the directors to the affairs of the Group, taking into consideration each director's number of listed company board representations and other principal commitments. The Board does not determine the maximum number of listed company board representations which any director may hold. The Board has obtained an undertaking from each director that he/she is able to fulfill the time commitment and responsibilities as a director of the Group. However, the Board will exercise its discretion in assessing the time commitment of individual directors in view of their multiple board representations.

The NC will determine the criteria for the appointment of new directors and will set up a process for the selection and appointment of such directors, taking into consideration amongst others, diversity, the composition and progressive renewal of the Board and the expertise and experience of each candidate.

In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps on the resources of directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to assist in the search process. Interviews are set up with potential candidates for NC members to assess them, before a decision is reached. The NC also oversees the re-appointment of directors as and when their tenure of appointment is due. In assessing the directors for reappointment, the NC evaluates several criteria including qualifications, contributions, performance, attendance, preparedness, participation, candour and independence of the directors, if applicable.

Subsequent to the RTO, the Board does not have any alternate directors. Currently, the NC does not have a practice of appointing alternate directors. In the event that the need should arise, the NC will review this on a case by case basis. The NC notes that the appointment of an alternate director is only in exceptional cases and for a limited period. The NC and the Board will review the period for the appointment of the alternate director where necessary.

The information on each director's academic and professional qualifications, shareholdings, relationships (if any), directorships and other principal commitments is presented in the "Board of Directors" and "Directors' Statement" sections of this annual report.

The dates of initial appointment and last re-election of each Director in respect of the Board are set out below:

Name	Date of initial appointment	Date of last re-election	Present directorship in other listed companies	Past directorship in other listed companies in preceding 3 years
Yee Kee Shian, Leon	15 February 2017	Not Applicable	Federal International (2000) Ltd Laura Ashley Holdings PLC	–
Glen Chan	29 March 2016	15 February 2017	–	–
Heng Su-Ling Mae	7 August 2017	Not Applicable	HRnetGroup Limited Ossia International Limited Chuan Hup Holdings Limited Apex Healthcare Bhd	Asiatravel.com Holdings Limited
Peh Siong Woon Terence	15 February 2017	Not Applicable	Chuan Hup Holdings Limited PCI Limited Finbar Group Limited	CH Offshore Ltd.
Tan Hai Peng Micheal	17 September 2007	27 April 2017	Viva Industrial Trust Management Pte Ltd and Viva Asset Management Pte Ltd, both Trustee Managers of the stapled security Viva Industrial Trust Marco Polo Marine Limited	–
Teo Khee Hwee	1 August 2017	Not Applicable	–	–

Pursuant to Regulation 89 of the Company's Constitution, not less than one-third of the Directors (referring to those who have been longest in office since their appointment or re-election) are required to retire from office by rotation at each Annual General Meeting ("AGM"). A newly appointed director is also required to submit himself or herself for re-election at the AGM following his or her appointment.

Ms Heng Su-Ling Mae, who was appointed to the Board during FY2018, will be seeking a re-election at the forthcoming AGM. Ms Heng is also an Independent Director on the Board of Directors of Chuan Hup Holdings Limited, whose wholly-owned subsidiary, CH Biovest Pte. Limited is a controlling shareholder of the Company. Mr Teo Khee Hwee, who was appointed to the Board during FY2018, will be seeking a re-election at the forthcoming AGM. Mr Teo's spouse, Ms Teng Yuun Yean, is a director of CH Biovest Pte. Limited. Ms Teng is also the Group Chief Financial Officer of Chuan Hup Holdings Limited.

The NC has recommended the re-appointment of Mr Yee Kee Shian, Leon who will be retiring by rotation at the forthcoming AGM and the re-appointment of Ms Heng Su-Ling Mae and Mr Teo Khee Hwee, following a review of their performance and contributions. The Board has accepted the NC's recommendations and accordingly, the above-named directors will be offering themselves for re-election.

Save as disclosed, there are no other relationships, including family relationships between the above-named directors and the remaining Directors, the Company or its 10% shareholders.

The Board has implemented a process for assessing its effectiveness as a whole and the contribution by each director to the effectiveness of the Board. The Group has designed and implemented internally the board evaluation process conducted by way of a questionnaire. The Board assessment considered the following key performance criteria:

- Board size and composition;
- Board process;
- Board effectiveness and training;
- Board Committee process;
- Provision of information to the Board;
- Standards of conduct;
- Financial performance; and
- Board compensation.

Based on the results of the evaluation, the Chairman of the Board will give feedback to the NC on the appointment of new directors or retirement or resignation of existing directors and the NC will take into consideration his views in this regard.

The NC viewed that given the background, experience and expertise of each director, it would not be necessary to evaluate the individual performance of each director.

Principle 6: Access to Information

All directors receive a set of Board papers prior to the Board meeting. The Board papers are generally issued to directors at least five (5) working days prior to the meeting to provide for sufficient time to enable the directors to obtain further explanations, where necessary, in order to be briefed properly and prepare for the meeting. The Board papers include, among others, the following documents and details:

- Minutes of the previous Board meeting;

- Minutes of meetings of all Committees of the Board held since the previous Board meeting;

- Background or explanations on matters brought before the Board for decision or information, including issues being dealt with by management, and relevant budgets, forecasts and projections. In respect of budgets, any material variance between the projections and actual results is disclosed and explained to the Board; and

- Major operational and financial issues.

As part of good corporate governance, key matters requiring decision are generally reserved for resolution at Board meetings rather than by circulation to facilitate discussion.

The directors have separate and independent access to the Group's senior management, including the CEO and MD, the Group Financial Controller and other members of key management, as well as the Group's internal and external auditors. The Directors are also entitled to request from management and will be provided with such information as needed to make informed decisions. Management will provide the same in a timely manner. Queries by individual directors on circulated papers are directed to management who will respond accordingly. Where relevant, directors' queries and management's responses are circulated to all Board members for their information.

All directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all meetings of the Board and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the Audit Committee, Remuneration Committee and Nominating Committee. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flows within the Board and its Committees and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required.

Under the Constitution of the Company, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

The Board members are aware that they, whether as a group or individually, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

REMUNERATION COMMITTEE

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual directors and senior management.

The Remuneration Committee ("RC") comprises three (3) Non-Executive Directors, the majority of whom, including the Chairman, are independent. As at the date of this Annual Report, the RC members are:

Mr. Yee Kee Shian, Leon	(Chairman)
Ms. Heng Su-Ling Mae	(Member)
Mr. Peh Siong Woon Terence	(Member)

The principal responsibilities of the RC are as follows:

a) recommending to the Board for endorsement a framework of remuneration for the Board and key executives with the aim of building a capable and committed Board and management team through competitive compensation and focused management and progressive policies;

b) recommending specific remuneration packages and terms of employment for each Executive Director and key executive;

c) reviewing and recommending directors' fees for Non-Executive Directors, taking into account factors such as their effort and time spent, and their responsibilities; and

d) administering the Company's Employee Share Option Scheme.

The RC reviews the fairness and reasonableness of the contracts of service of the Executive Director(s) and key management personnel. The RC covers all aspects of remuneration, including but not limited to director fees, salaries, allowances, bonuses, options, share-based incentives and benefits-in-kind.

If required, the RC will seek expert advice inside or outside the Company on remuneration of all directors and key management personnel. The remuneration policy recommended by the RC is submitted for approval by the Board. For the period under review, the RC has appointed Aon Hewitt Singapore Pte Ltd as remuneration consultants. Save for such engagement, the remuneration consultants have no other relationship with the Company.

No director is involved in deciding his or her own remuneration, except for providing information and documents specifically requested by the RC to assist in its deliberations.

Principle 8: Level and Mix of Remuneration

The remuneration package of executive directors and key executives consists of the following components:

The fixed components comprise a basic salary and Central Provident Fund ("CPF") contribution, except the CEO and MD who is entitled to a thirteenth month salary[1] based on his existing service agreement. To ensure that the key executives' remuneration are consistent and comparable with market practice, the RC regularly benchmarks remuneration components against those of comparable companies, while continuing to be mindful that there is a general correlation between increased remuneration and performance improvements.

The variable components comprise a variable bonus based on the Group's and the individual's performance. To link rewards to performance, the more senior the executive is in the Group, the higher is the percentage of the variable component against total compensation. Bonuses payable to senior management are reviewed by the RC and approved by the Board to ensure alignment of their interests with those of shareholders and to promote the long term success of the Group.

Benefits provided are consistent with market practice and include medical benefits, flexible benefits, car allowances and club benefits. Eligibility for these benefits will depend on individual salary grade and length of service.

The Non-Executive Directors are paid a director's fee for their efforts and time spent, responsibilities and contribution to the Board, subject to approval by shareholders at the AGM.

The directors, senior management and staff with at least twelve (12) months of service are eligible for the grant of options under the Company's Employee Share Option Scheme. The options granted will vest only one (1) year after the offer date for options granted without discount and two (2) years after the offer date for options granted at a discount. The directors, senior management and staff are encouraged to hold their shares beyond the vesting period. More information on the Company's Employee Share Option Scheme is set out in the Directors' Statement.

The RC reviews the proposals put in place by the Company for rewarding the Non-Executive Directors to ensure the compensation is commensurate with effort, time and role of the Non-Executive Directors. The RC also ensures that in doing so, the independence of the Independent Directors will not be compromised.

Principle 9: Disclosure on Remuneration

Discretion and independent judgement are exercised by the RC in ensuring that the compensation structure aligns with shareholders' interest and promotes long-term success of the Group while discouraging behavior contrary to the Group's risk profile. The total directors' fees for FY2018 amounted to S$299,863.02 which will be subject to shareholders' approval at the forthcoming AGM.

Given that the labour market remains competitive, the Board has reviewed and decided not to fully disclose the remuneration of the Company's directors. Instead, remuneration has been disclosed in bands and further broken down to various remuneration components.

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(1) For FY2018, the CEO and MD has waived his right to the thirteenth month salary component of his remuneration package.

The breakdown of remuneration of the Directors of the Company for FY2018 is set out below:

Remuneration Band and Name of Directors	Basic Salary[1] %	Directors' fees[2] %	Variable or Performance Related Income/ Bonus %	Share-based Incentives/ Benefits-in-kind %
Below $150,000				
Mr. Yee Kee Shian, Leon	–	100	–	–
Ms. Heng Su-Ling Mae	–	100	–	–
Mr. Peh Siong Woon Terence	–	100	–	–
Mr. Tan Hai Peng Micheal	–	100	–	–
Mr. Teo Khee Hwee	–	100	–	–
Mr. Low Siew Sie Bob	–	100	–	–
Mr. Chua Siong Kiat	100	–	–	–
Between $2,000,000 and $2,250,000				
Mr. Glen Chan	54.2	–	45.8	–

(1) Basic salary includes CPF contribution.

(2) The directors' fees for FY2018.

The service agreement for Mr Glen Chan is for a fixed appointment period of three years from the date of the Completion of the RTO and does not contain onerous removal clauses. Notice period is fixed at no less than six (6) months in writing. The Remuneration Committee is responsible for reviewing the compensation commitments arising from directors' contracts of service in the event of early termination.

There were no employees of the Group who are immediate family members of any director, the CEO and MD or a substantial shareholder and whose remuneration exceeds $50,000 during FY2018.

KEY MANAGEMENT PERSONNEL

The Company has four (4) key management personnel for FY2018. The gross remuneration received by each of the key executives (excluding Directors) for FY2018 and the breakdown of the level and mix of the remuneration of the key executives is as follows:

Remuneration Bands	FY2018
$250,000 to below $500,000	2*
$100,000 to below $250,000	2
Below $100,000	1

*Includes one member of key management personnel who resigned during FY2018

Taking into consideration the highly competitive labour environment, the nature of the industry, and the confidentiality of the Group's remuneration policies, the Board is of the view that providing full disclosure of the remuneration of each individual director and key management personnel is not in the best interests of the Group and may adversely affect talent attraction and retention. As at 30 June 2018, besides the CEO and MD, the Group had four (4) key management and executive personnel, namely Mr. Andrew Seet, Ms. Merlissa Elvin-Poulose, Mr. Ng Yui Wei and Mr. Darren Chua.

The aggregate remuneration paid to the above key executives (excluding directors and the CEO and MD) for FY2018 is $1,189,781.

The annual reviews of the compensation of directors and key management personnel are carried out by the RC to ensure that their remuneration is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO and MD together with other key management and executive personnel is reviewed periodically by the RC and the Board.

Principle 10: Accountability

The Board understands its responsibility and provides to the shareholders on a timely basis a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price sensitive public reports, and reports to regulators (if required). The Board also ensures full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules, including the release of the Group's quarterly and full-year financial statements results announcements.

The Board also reviews operational and regulatory compliance reports from management to ensure compliance with all of the Group's operational practices and procedures and relevant regulatory requirements.

The management currently provides the Board with appropriately detailed management accounts of the Group on a timely basis in order for the Board to understand and make a balanced and informed assessment of the Group's financial and operational performance and prospects.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk. The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk-focused culture throughout the Group for effective risk governance.

The Board reviews regularly the adequacy and effectiveness of the Group's risk management framework and internal control systems and conducted sessions with management to understand the process to identify, assess, manage and monitor risks within the Group. The Board is satisfied with the adequacy and effectiveness of the Group's internal controls as at 30 June 2018.

The Group currently does not have a Risk Management Committee but the management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and will highlight all significant matters to the Board and the AC.

The Board with the assistance of the management has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2018.

The Board's annual assessment in particular considered:

- the changes since the last annual assessment in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;
- the scope and quality of management's ongoing monitoring of risks and of the system of internal controls and the work of its internal audit function and other providers of assurance;
- the extent and frequency of the communication of the results of the monitoring to the Audit Committee; and
- the incidence of significant internal controls weaknesses that were identified during the financial year.

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error losses, fraud and other irregularities.

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.

The Board has obtained a written confirmation from the CEO and Group Financial Controller:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 30 June 2018.

Principle 12: Audit Committee

The Audit Committee comprises three (3) Non-Executive Directors, majority of whom, including the Chairman, are independent. As at the date of this Report, the AC comprises:-

Ms. Heng Su-Ling Mae	(Chairman)
Mr. Yee Kee Shian, Leon	(Member)
Mr. Peh Siong Woon Terence	(Member)

The AC is responsible for assisting the Board in discharging its statutory and other responsibilities relating to internal controls, financial and other accounting matters as well as matters pertaining to regulatory compliance. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities. The details of the Board member's qualifications and experience are presented in this Annual Report under the section "Board of Directors". None of the members nor the Chairman of the AC are former partners or directors of the Group's auditing firms.

The AC has a written Terms of Reference which is endorsed by the Board and sets out the Committee's duties and responsibilities. The AC is authorised by the Board to investigate any matter within its Terms of Reference and has full access to, and cooperation of management, with full discretion to invite any director or executive officer to attend its meetings. The AC has adequate resources to enable it to discharge its functions properly.

During the meetings of the AC held during the financial year, the AC performed its functions and responsibilities as set out in its Terms of Reference, which include the following:

(i) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;

(ii) reviewing the adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls at least annually;

(iii) reviewing the adequacy and effectiveness of the Group's internal audit function at least annually, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and results of the internal audit procedures;

(iv) reviewing the scopes, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the independent auditors;

(v) reviewing with the independent auditors their audit plans, audit report, and the independent auditor's evaluation of the system of internal accounting controls, as well as the assistance given by management to the independent auditor;

(vi) reviewing the nature and extent of the independent auditor's non-audit services to the Group as well as the extent of reliance placed by the independent auditor on the internal auditor's work, seeking to balance the maintenance of objectivity and value for money;

(vii) making recommendations to the Board on the appointment, re-appointment and removal of the independent auditor, and approving the remuneration and terms of engagement of the independent auditor; and

(viii) reviewing the quarterly, half-yearly and full-year financial reports of the Group, prior to their submission to the Board.

The AC held 8 meetings during the financial period under review. These meetings were attended by the CEO and MD and Group Financial Controller at the invitation of the AC. The Group's external auditors, Ernst & Young LLP (the "External Auditors") were also present at the relevant junctures during these meetings. The AC has also met the external and internal auditors separately, without the presence of management, at least once during the financial year to:

- obtain feedback on the competency and adequacy of the finance function;
- enquire into the root causes for major audit adjustments and issues if any; and
- inquire if there are any material weaknesses of control deficiencies over the Group's financial reporting process and the corresponding effect on the financial statements as well as over other operational, compliance and information technology areas.

The AC assesses the independence of the External Auditors annually. In addition, the AC reviewed the independence and objectivity of the External Auditors through discussions with them as well as a review of the volume and nature of non-audit services provided by the External Auditors during the financial year under review. The AC concluded that it is satisfied with the independence of the External Auditors and that they have not been compromised by the provision of such non-audit services.

The Company has currently appointed different auditing firms for its subsidiaries or significant associated companies. Nonetheless, the Board and the Audit Committee of the Group are satisfied that the appointment of different audit firms would not compromise the standard and effectiveness of the audit of the Company. Therefore, the Group is in compliance with Rule 712 and 716 of the Catalist Rules.

The details of the fees of the auditors of the Company during FY2018 are set out as follows:

Fees on Audit Services to Independent Auditors:	**$'000**
Company's External Auditors	150
Other Independent Auditors relating to the Group's overseas subsidiaries/associated companies	9
Total	**159**

Fees on Non-Audit Services to External Auditors:	**$'000**
Company's External Auditors	27

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group has a whistle blowing policy in place which encourages the reporting of matters of fraud, corruption or dishonest and unethical practices. The whistle blowing policy is communicated to all staff and is readily available on the Group's information system. For FY2018, there have been no reported whistle blowing incidences.

The Group undertakes to investigate complaints of suspected fraud and unethical behavior in an objective manner and has put in place, with the AC's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by an appointed manager who reports directly to the Chairman of the AC.

External Auditors in attendance at the quarterly meetings provide updates to keep the AC abreast of changes in accounting standards or other codes and regulations, and issues which have a direct impact on the financial statements.

Principle 13: Internal Audits

The Company's internal audit function is out-sourced to an independent third party accounting firm (the "Internal Auditor") and is independent of management. The appointment of the auditing firm to perform such services is approved by the AC. The AC's oversight and supervision of the Group's internal controls are complemented by the work of the Internal Auditor, whose role is to assist the AC to ensure that the Group maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

In order to allow for a more open discussion on any issue of concern, the AC meets the Internal Auditor separately without the presence of management.

The Internal Auditor's primary line of reporting is to the Chairman of AC.

The AC approves the internal audit plan and budget and ensures the adequacy and effectiveness of internal audit resources. The scope of the Internal Auditors covers all business and support functions within the Group.

During the financial year, the Internal Auditors conducted its audit reviews based on the approved internal audit plans. Upon completion of each audit assignment, the Internal Auditors reported its findings and recommendations to management who would respond on the actions to be taken. The Internal Auditors submitted its internal audit summary reports to the AC on the status of the audit plan and on audit findings and actions taken by management on the findings.

The AC is satisfied that the internal audit work is carried out in accordance with the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect to any transactions with interested persons and has set out procedures for review and approval of the Group's IPT. All IPT are recorded in an IPT Register and subject to quarterly review by the AC.

Details of IPT for FY2018 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
PSD Holdings Pte. Ltd.	$725,098	–

EXECUTIVE COMMITTEE

The Executive Committee comprises the following members:

With effect from 24 January 2018

Mr. Yee Kee Shian, Leon (Chairman)
Mr. Glen Chan (Member)
Mr. Peh Siong Woon Terence (Member)

The EXCO has been established to assist the Board with the operational management during the interim period between formal Board meetings. This allows for a more streamlined interim decision-making process and enables the Group to be able to act in circumstances that require fast response and decision-making. Previously, Mr Low Siew Sie Bob and Mr Chua Siong Kiat had been members of the EXCO. Following their respective resignations from the Board, and up till 30 June 2018, there had been no EXCO meetings until and save for one on 24 April 2018.

The Terms of Reference of the EXCO include:-

- Review investments and divestments of the Group;
- Review the Company's and Group's strategy, business plans, operations, annual budget and capital structure;
- Review and supervise the operations of the Group including implementing all the Group's operating, financial and personnel policies;
- Review and approve land acquisitions for purpose of development that are proposed by management and approving such land acquisitions of up to a value of $60 million, or in the context of land acquisition via joint ventures with other parties, the investment cash quantum required of the Company/Group under the joint venture for such land acquisition and development being a maximum of $30 million;
- Approve management signing non-definitive agreements for property development projects in the ASEAN region including (without limitation) memoranda of understanding, framework agreements, expressions of interest, collaboration/cooperation agreements, non-disclosure/confidentiality agreements. For the avoidance of doubt, definitive agreements such as sale & purchase agreements, joint venture agreements, shareholder agreements, financing/loan agreements and other similar agreements shall be subject to Board review and approval.
- Review and approve announcements which are routine in nature, including without limitation change of interest of directors/substantial shareholders, changes in registered office, etc.;
- Seek any information which it requires from any employee in order to perform its duties and have access to all relevant records;
- Invite any employee or any other individual to attend a meeting of the Executive Committee;
- Seek external professional advice to carry out its duties and to invite their attendance at the Executive Committee meeting where necessary;
- Identify and manage risk in the Company's businesses;
- Review the internal controls environment and prepare reports for presentation to the Audit Committee and the Board as and when necessary; and
- Carrying on such other functions as may be delegated to it by the Board.

SHAREHOLDER RIGHTS AND RESPONSIBILITES

<u>Principle 14: Shareholder Rights</u>

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value.

The Group strongly encourages shareholder participation during the AGM. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters. Resolutions are passed through a process of voting by poll and shareholders are entitled to vote in accordance with established voting rules and procedures. The poll results in favour and against for each resolution put forth are presented during the AGM.

Registered shareholders including corporations, who are unable to attend the AGM are provided the option to appoint a nominee or custodial services to appoint not more than two proxies. This allows shareholders who hold shares through corporations to attend and participate in the AGM as proxies. The Companies Act allows certain members who are relevant intermediaries such as corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of CPF investors, to appoint multiple proxies to attend and participate in general meetings.

Principle 15: Communication with Shareholders

The Group values dialogue with its shareholders and believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period. All materials are made available on SGXNet for the information of shareholders.

Dividend Policy

The Group currently does not have a formal dividend policy. No dividend was declared for FY2018. This was with a view to conserve cash for pipeline projects. The Board will take into consideration the performance of the Group, including the operating results, financial condition, working capital requirements, capital expenditure needs, the terms of borrowing arrangements (if any), the level of cash and retained earnings, and other factors deemed relevant with a view to maximize shareholders' value.

Principle 16: Conduct of Shareholder Meetings

The Group believes in encouraging shareholder participation at general meetings. A shareholder who is entitled to attend and vote may either vote in person or appoint a nominee or custodial services provider to appoint more than two proxies.

For shareholders present in person, the Company has introduced a system of voting by poll and results of each resolution put to vote at the AGM is announced with details of percentages in favour and against.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

At each AGM, the Chairman of the Board presents the performance of the Group and encourages shareholders to participate in the Question and Answer session. The External Auditor is present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

The Chairpersons of the Board and the Audit, Nominating, Remuneration and Executive Committees, or members of the respective Committees standing in for them, are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. Appropriate senior management personnel/members are also present at general meetings to respond, if necessary, to operational questions from shareholders.

The Company prepares minutes of general meetings, which include substantive comments or queries from shareholders and responses from the Chairman, Directors and management. These minutes are available to shareholders upon their request.

DEALINGS IN SECURITIES OF THE COMPANY – BEST PRACTICES

The Company has adopted a set of code of conduct to provide guidance to its officers regarding dealings in the Company's securities, in compliance with Rule 1204(19) of the Catalist Rules.

The Company has issued notices to its Directors, officers and employees to state that there must be no dealings in the Company's shares whilst they are in possession of unpublished material or price sensitive information and during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and one (1) month before the announcement of the Company's full year financial statements, as the case may be, and ending on the date of announcement of such financial results. Directors and officers are also prohibited from dealing in the Group's securities on short-term considerations.

CORPORATE GOVERNANCE

MATERIAL CONTRACTS

Other than as disclosed under the Interested Person Transactions section in this Annual Report, the service agreement of the CEO and MD, and the agreement between PSD Holdings Pte. Ltd. (as vendor under the RTO) and the Company in respect of the payment of the Balance Consideration under the RTO as announced by the Company on 15 May 2018, there were no material contracts entered into by the Company or any of its subsidiary companies involving the interests of the CEO and MD, any director and/or substantial shareholder of the Company.

NON-SPONSOR FEES

There was an amount of $309,050 of non-sponsor fees paid to SAC Capital Private Limited for acting as the financial adviser to the Company in respect of the RTO.

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pacific Star Development Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial period from 1 January 2017 to 30 June 2018.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the period ended on that date; and

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

Directors

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

Yee Kee Shian, Leon
Glen Chan
Heng Su-Ling Mae
Peh Siong Woon Terence
Tan Hai Peng Micheal
Teo Khee Hwee

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
Name of directors	**At the beginning of financial period or date of appointment**	**At the end of financial period**	**At the beginning of financial period or date of appointment**	**At the end of financial period**
Ordinary shares				
The Company				
Glen Chan	–	–	48,398,700[(1)]	169,571,100[(1)]
Peh Siong Woon Terence	–	–	59,151,600[(1)]	177,454,800[(1)]
Tan Hai Peng Micheal	–	–	8,000,226[(1)]	24,000,678[(1)]

The directors' interests in the ordinary shares of the Company as at 21 July 2018 were the same as those as at 30 June 2018.

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

Directors' interests in shares and debentures (cont'd)

Tan Hai Peng Micheal, a Director of the Company, is deemed to be interested in 24,000,678 Shares of the Company held by Ho Lee Group Pte. Ltd.

Peh Siong Woon Terence, a Director of the Company, is deemed to be interested in the 177,454,800 Shares held by CH Biovest Pte. Limited.

Glen Chan, the CEO and Managing Director of the Company, is deemed to be interested in the 64,535,550 Shares and 105,035,550 Shares held by Double Blessing Holdings Limited and Glaxier City Limited respectively.

Share Options

(a) Employee Share Option Scheme ("ESOS")

The Company ESOS for key management personnel and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 25 April 2013 and is administered by the Remuneration Committee. As at the date of the Directors' Statement, the Remuneration Committee consists of Mr Yee Kee Shian, Leon (Chairman), Ms Heng Su-Ling Mae (Member) and Mr Peh Siong Woon Terence (Member).

The ESOS provides a means to recruit, retain and give recognition to employees who have contributed to the growth and success of the Group.

Under the ESOS, options to subscribe for the ordinary shares of the Company are granted to key management personnel and employees who have been in the employment of the Group for a period of at least 12 months, or such shorter period as the Remuneration Committee may determine. The exercise price of the options is (i) determined at the volume weighted average of the Company's ordinary shares as quoted on the Singapore Exchange for five consecutive market days immediately preceding the date of the grant ("Market Price"); or (ii) set at a discount not exceeding 20% of the Market Price. The vesting of the options is conditional on the key management personnel or employees completing another (i) one year of service to the Group for options granted with the exercise price set at Market Price; or (ii) two years of service to the Group for options granted with the exercise price set at a discount to the Market Price. Once the options are vested, they are exercisable for a period of four years. The options may be exercised in full or in part in respect of 100 shares or a multiple thereof, on the payment of the exercise price.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

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

There were no shares of the Company or its subsidiaries issued during the financial period by virtue of the exercise of options granted under the ESOS to take up unissued shares.

No participant under the ESOS has received 5% or more of the total number of shares under option available under the ESOS.

(b) Share Options Outstanding

The number of unissued ordinary shares of the Company under option in relation to the ESOS outstanding at the end of the financial period was as follows:

	No of unissued ordinary shares under option at 30.06.2018	**Exercise price**	**Exercise period**
Options	72,000	$1.75	3.3.2015 - 2.3.2019

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other Committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Catalist Rules

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

Following the completion of the acquisition of PSD Singapore Pte. Ltd. (formerly known as Pacific Star Development Pte. Ltd.) and together with its subsidiaries, the AC convened its first meeting on 24 March 2017 with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details and other functions performed by the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

For the financial period from 1 January 2017 to 30 June 2018

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors:

Yee Kee Shian, Leon
Director

Glen Chan
Director

Singapore
4 October 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of Pacific Star Development Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pacific Star Development Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheet of the Group and the Company as at 30 June 2018, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the period from 1 January 2017 to 30 June 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (the "FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the period ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Accounting for Reverse acquisition

As disclosed in Note 2 to the financial statements, the Company completed its acquisition of the entire share capital of Pacific Star Development Singapore Pte. Ltd. ("PSDS") and its subsidiaries (collectively, the "PSDS Group") (the "Reverse Acquisition" or "RTO") on 15 February 2017 ("Completion date"), via the issuance at 140,625,000 new ordinary shares (on a pre-share split basis) in the Company to the shareholders of the PSDS Group and cash consideration of $17.5 million. As per the Sales and Purchase Agreement, the remaining $10 million balance consideration will only be paid out a year after the Completion date, subject to a property valuation conducted by the external professional valuers to determine the fair value which has to be higher or on par with the initial valuation made. The transaction is treated as a reverse acquisition for accounting purposes as the shareholder of PSDS Group became the controlling shareholders of the Company upon completion of the transaction. Accordingly, the PSDS Group (being the legal subsidiary in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

We focused on this transaction because of the judgement involved in identifying the accounting acquirer and acquiree, the materiality of the transaction and the significant judgement and estimate made in the Purchase Price Allocation (the "PPA") exercise for the identification and valuation of the acquired intangible assets, tangible assets and liabilities of the accounting acquiree (i.e. the Company) as at the acquisition date and the resultant negative goodwill arise from the Reverse Acquisition recognised in the current period's profit or loss and the disclosures on the Reserve Acquisition in the financial statements.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Accounting for Reverse acquisition (cont'd)

As part of our audit procedures on the accounting for the RTO, we reviewed the sale and purchase agreement to obtain an understanding of the transaction and the key terms. We assessed the identification and valuation of the acquired intangible assets, tangible assets and liabilities. We corroborated this identification based on our discussion with management and our understanding of the business of the Company. We involved our internal valuation specialists to review the appropriateness of the valuation methodologies and key assumptions used by management to measure the fair value of the identified intangible assets. We also assessed the adequacy of the disclosures made in relation to the accounting for the RTO in Note 2 to the financial statements.

Appropriateness of the carrying value of the development properties

The Group constructs properties for sale in the ordinary course of business. As at 30 June 2018, the Group has capitalised $143.95 million as development properties for sale, relating to construction costs incurred on Puteri Cove project in Malaysia. Capitalised development costs are deemed significant to our audit, given it represents approximately 72% of the Group's total assets. Further, the determination of the recoverability is also subject to Malaysia's property industry outlook. Accordingly, we have identified this area as a key audit matter.

We have performed audit procedures over the appropriateness, valuation and completeness of the costs recognised. We assessed the recognition criteria for the development costs and tested the costs on a sample basis to ensure costs are properly capitalised as development costs. Further to that, we reviewed management's estimate of the net realisable value of the development properties held for sale to ensure that the development properties are stated at lower of cost and net realisable value. The net realisable value is determined to be the estimated selling price less construction cost to completion and cost to sell.

We also assessed the adequacy of the disclosures in Note 16 of the financial statements for these development properties for sale.

Revenue recognition of properties under development

Revenue arising from sales of development property represents more than 96% of the Group's total revenue.

The Group recognises revenue on sale of development properties over time. For development projects under progressive payment scheme in Malaysia, whereby the legal terms in the sale contracts and legal framework allows the Group to have an enforceable right to payment for performance completed to date, revenue is recognised over time. Under the recognition over time, revenue is brought into profit or loss only in respect of sales procured and to the extent that such revenue relates to the progress of construction work. The progress of construction work is measured by the method for each project. The input method measurement is estimated based on the proportion of the construction cost incurred to date to the estimated total construction cost.

Significant judgement and estimation are involved in assessing the estimated total construction costs. Any change in circumstances including cost overruns or saving may result in changes to the total construction costs, and accordingly the amount of revenue to be recognised during the period. Accordingly, we have identified revenue recognition of properties under development as a key audit matter.

As part of our audit, we reviewed contract terms and conditions and the contractual sums and checked project costs incurred against the underlying documents. We assessed reasonableness of management's assumptions in determining the total estimated construction costs. We evaluated the appropriateness of inputs used by management in their estimation of the total cost to complete and obtained and checked supporting documentation on the major inputs. We also checked the arithmetic accuracy of the revenue recognised based on the input method. We perused correspondences with contractors and discussed the progress of the projects with the Group's various project officials and management for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated development costs. We also assessed the adequacy of the disclosure of significant accounting policies for development properties under construction and the related disclosures.

Report on the Audit of the Financial Statements (cont'd)

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

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

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

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

Other Matters

The financial statements of Pacific Star Development Limited and its subsidiaries for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2017.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Low Bek Teng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

4 October 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 January 2017 to 30 June 2018

	Note	1.1.2017 to 30.06.2018 $'000	1.1.2016 to 31.12.2016 $'000
Continuing operations			
Revenue	5	121,426	59,113
Cost of sales		(63,053)	(30,149)
Gross profit		58,373	28,964
Other operating income	6	3,909	3,258
Expenses:			
Marketing and distribution		(6,499)	(2,240)
Operating and administrative		(10,719)	(3,979)
Other operating		(1,871)	(406)
Finance costs	7	(2,003)	(1,505)
Share of result of joint ventures		(1,543)	(444)
Share of result of associates		(577)	(557)
Profit before tax from continuing operations	8	39,070	23,091
Income tax expense	9	(11,075)	(5,774)
Profit from continuing operations, net of tax		27,995	17,317
Discontinued operations			
Loss from discontinued operations, net of tax	10	(2,982)	–
Profit for the period/year		25,013	17,317
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Foreign currency translation		973	(650)
Total comprehensive income for the period/year		25,986	16,667
Profit for the period/year attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		11,414	7,529
Loss from discontinued operations, net of tax		(2,982)	–
		8,432	7,529
Non-controlling interests			
Profit from continuing operations, net of tax		16,581	9,788
Loss from discontinued operations, net of tax		–	–
		16,581	9,788
Earnings per share from continuing operations attributable to owners of the Company (cents per share)			
- Basic and diluted	11(a)	2.33	4.86
Earnings per share (cents per share)			
- Basic and diluted	11(b)	1.72	4.86
Attributable to:			
Equity holders of the Company		8,978	6,932
Non-controlling interest		17,008	9,735
Total comprehensive income for the period/year		25,986	16,667
Attributable to:			
Total comprehensive income from continuing operations, net of tax		11,960	6,932
Total comprehensive income from discontinued operations, net of tax		(2,982)	–
Total comprehensive income for the period/year attributable to owners of the Company		8,978	6,932

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

BALANCE SHEET

As at 30 June 2018

	Note	Group 30.6.2018 $'000	Group 31.12.2016 $'000	Company 30.6.2018 $'000	Company 31.12.2016 $'000
Assets					
Non-current assets					
Property, plant and equipment	12	129	340	12	3
Investment in subsidiaries	13	–	–	169,647	–
Deferred costs	14	–	260	–	–
Trade receivables	18	59	–	–	–
		188	600	169,659	3
Current assets					
Financial assets at fair value through profit or loss	15	4	–	–	–
Development property	16	143,946	103,137	–	–
Inventories	17	574	–	–	–
Deferred costs	14	–	2,997	–	–
Trade receivables	18	38,194	5,559	2,050	725
Other receivables and other current assets	19	13,862	12,137	194	3,537
Fixed deposits pledged	20	501	–	501	8,131
Cash at bank	20	2,015	6,412	119	2,343
		199,096	130,242	2,864	14,736
Total assets		199,284	130,842	172,523	14,739
Liabilities					
Non-current liabilities					
Loans and borrowings	21	26,938	35,497	–	–
Loans from non-controlling interests	22	15,205	13,227	–	–
Deferred tax liabilities	23	–	1,807	–	–
Provision for warranty	24	1,129	–	–	–
		43,272	50,531	–	–
Current liabilities					
Loans and borrowings	21	25,592	4,152	–	–
Trade payables	25	22,212	20,512	–	–
Other payables	26	26,319	14,986	12,955	2,283
Advance billings	27	11,724	1,865	–	–
Joint venture	28	3,547	2,004	–	–
Associate	29	1,132	555	–	–
Current tax liabilities		13,370	5,835	–	–
		103,896	49,909	12,955	2,283
Total liabilities		147,168	100,440	12,955	2,283
Net assets		52,116	30,402	159,568	12,456
Equity					
Capital and reserves attributable to equity holders of the company					
Share capital	30	47,801	17,738	197,055	48,196
Treasury shares	30	–	–	(513)	(513)
Retained earnings/(accumulated losses)		5,789	(2,269)	(35,546)	(33,828)
Other reserves	31	(30,879)	2,536	(1,428)	(1,399)
Equity attributable to owners of the Company		22,711	18,005	159,568	12,456
Non-controlling interest	32	29,405	12,397	–	–
Total equity		52,116	30,402	159,568	12,456

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

STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 January 2017 to 30 June 2018

Group	Share Capital (Note 30) $'000	Retained earnings/ accumulated losses $'000	Other reserves $'000	Foreign currency translation reserve $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
	Attributable to owners of the Company						
2018							
At 1 January 2017	17,738	(2,269)	3,029	(493)	18,005	12,397	30,402
Profit for the period	–	8,432	–	–	8,432	16,581	25,013
Other comprehensive income, net of tax							
Foreign currency translation	–	–	–	546	546	427	973
Total comprehensive income for the period	–	8,432	–	546	8,978	17,008	25,986
Contributions by owners							
Issue of shares	15,021	–	–	–	15,021	–	15,021
Changes in ownership interest in subsidiaries							
Acquisition of subsidiaries arising from reverse acquisition	15,042	–	(34,000)	(3)	(18,961)	(3,412)	(22,373)
Disposal of subsidiaries	–	(374)	–	42	(332)	3,412	3,080
Total transaction with owners in their capacity as owners	30,063	(374)	(34,000)	39	(4,272)	–	(4,272)
At 30 June 2018	**47,801**	**5,789**	**(30,971)**	**92**	**22,711**	**29,405**	**52,116**
2016							
At 1 January 2016	16,820	(9,798)	3,029	102	10,153	2,662	12,815
Profit for the year	–	7,529	–	–	7,529	9,788	17,317
Other comprehensive income, net of tax							
Foreign currency translation	–	–	–	(597)	(597)	(53)	(650)
Total comprehensive income for the year	–	7,529	–	(597)	6,932	9,735	16,667
Contributions by owners							
Issue of shares	918	–	–	–	918	–	918
Changes in ownership interest in subsidiaries							
Disposal of subsidiaries	–	–	–	2	2	–	2
Total transaction with owners in their capacity as owners	918	–	–	2	920	–	920
At 31 December 2016	**17,738**	**(2,269)**	**3,029**	**(493)**	**18,005**	**12,397**	**30,402**

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

STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 January 2017 to 30 June 2018

Company	Share capital $'000	Treasury shares $'000	Accumulated losses $'000	Share options reserve $'000	Other reserves $'000	Total equity $'000
2018						
At 1 January 2017	48,196	(513)	(33,828)	71	(1,470)	12,456
Loss for the period, representing total comprehensive income for the period	–	–	(1,747)	–	–	(1,747)
Contributions by owners						
Increase in share capital	149,168	–	–	–	–	149,168
Share issuance expenses	(309)	–	–	–	–	(309)
Reversal of employee shares options	–	–	29	(29)	–	–
Total transaction with owners in their capacity as owners	148,859	–	29	(29)	–	148,859
At 30 June 2018	**197,055**	**(513)**	**(35,546)**	**42**	**(1,470)**	**159,568**
2016						
At 1 January 2016	48,196	(104)	(25,417)	194	(1,470)	21,399
Loss for the year, representing total comprehensive income for the year	–	–	(8,534)	–	–	(8,534)
Contributions by owners						
Reversal of employee share options	–	–	123	(123)	–	–
Purchase of treasury shares (Note 30)	–	(409)	–	–	–	(409)
Total transaction with owners in their capacity as owners	–	(409)	123	(123)	–	(409)
At 31 December 2016	**48,196**	**(513)**	**(33,828)**	**71**	**(1,470)**	**12,456**

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial period from 1 January 2017 to 30 June 2018

	1.1.2017 to 30.6.2018 $'000	1.1.2016 to 31.12.2016 $'000
Operating activities		
Profit before tax from continuing operations	39,070	23,091
Loss before tax from discontinued operations	(2,982)	–
Profit before tax, total	36,088	23,091
Adjustments for:		
Amortisation of deferred cost	5,237	1,719
Depreciation of property, plant and equipment	449	310
Finance costs	2,003	1,505
Bargain purchase gain on acquisition of subsidiaries (negative goodwill)	(1,224)	–
Interest income	(332)	(95)
Inventories written down	199	–
Loss/(gain) on disposal of subsidiaries	2,777	(167)
Provision for warranty	177	–
Reversal of impairment loss on other receivables	–	(2,843)
Reversal of inventories written down	(95)	–
Reversal of provision for warranty	(1,077)	–
Share of result of joint ventures	1,543	444
Share of result of associates	577	557
Unrealised exchange (gains)/losses	(454)	237
Operating cash flows before changes in working capital	45,868	24,758
Changes in working capital		
(Increase)/decrease in:		
Development property	(36,199)	(35,915)
Inventories	(468)	–
Trade and other receivables and other current assets	(27,930)	(7,693)
Deferred costs	(1,830)	(743)
Increase/(decrease) in:		
Advance billings	9,859	(1,177)
Trade and other payables and provision for warranty	(6,440)	9,704
Cash flows used in operations	(17,140)	(11,066)
Interest received	332	95
Interest paid	(4,199)	(2,615)
Income taxes paid	(5,611)	(1,138)
Net cash flows used in operating activities	(26,618)	(14,724)
Investing activities		
Acquisition/disposal of subsidiaries, net of cash	7,526	(22)
Deemed distribution to shareholders	(16,000)	–
Proceeds from disposal of vehicle sub-division	350	–
Advances to a joint venture (non-trade)	–	(934)
Proceeds from disposal of property, plant and equipment	271	–
Purchase of property, plant and equipment	(134)	(208)
Net cash flows used in investing activities	(7,987)	(1,164)

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial period from 1 January 2017 to 30 June 2018

	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
	$'000	$'000
Financing activities		
Movement in fixed deposits pledged with banks	4,586	–
Net advances from former immediate holding company (non-trade)	3,985	4,174
Net proceeds from bank borrowings	13,790	13,771
Proceeds from conditional placement of shares	8,521	–
Repayment of obligations under finance leases	(92)	(53)
Net cash flows from financing activities	30,790	17,892
Net (decrease)/increase in cash and cash equivalents	(3,815)	2,004
Cash and cash equivalents the beginning of the period/year	3,995	2,026
Effects of exchange rate changes on cash and cash equivalents	(10)	(35)
Cash and cash equivalents at the end of the period/year (Note 20)	170	3,995

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

1. Corporate information

Pacific Star Development Limited (formerly known as LH Group Limited) (the "Company") is a limited liability company incorporated and domiciled in Singapore. With effect from 8 February 2017, the name of the Company was changed from LH Group Limited to Pacific Star Development Limited. On 13 February 2017, the listing of the Company's shares was transferred from the Mainboard of the Singapore Exchange Securities trading Limited ("SGX-ST") to the Catalist of the SGX-ST.

The registered office and principal place of business of the Company is located at Blk 8, #08-05, Liang Huat Industrial Complex, 51 Benoi Road, Singapore 629908.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are disclosed in Note 13.

2. Reverse acquisition

The Company completed its acquisition of the entire share capital of PSD Singapore Pte. Ltd. (formerly known as Pacific Star Development Pte. Ltd.) (the "Target" and together with its subsidiaries, the "Target Group") ("Reverse Acquisition") on 15 February 2017 via the issuance of the entire ordinary shares in the Company to the shareholders of the Target Group. The transaction is treated as a reverse acquisition for accounting purposes as the shareholders of the Target Group became the controlling shareholders of the Company on completion of the transaction. Accordingly, the Target Group (being the legal subsidiary in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

The consolidated financial statements represent a continuation of the financial position, performance and cash flows of the Target Group. Accordingly, the consolidated financial statements are prepared on the following basis:

(a) the assets and liabilities of the Target Group are recognised and measured in the consolidated statement of financial position of the Group at their pre-acquisition carrying amounts;

(b) the assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;

(c) the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the Target Group immediately before the Reverse Acquisition;

(d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding to the issued equity of the Target Group immediately before the Reverse Acquisition the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the Reverse Acquisition;

(e) the consolidated statement of comprehensive income for the financial period ended 30 June 2018 reflects the full year results of the Target Group together with the post-acquisition results of the Company; and

(f) the comparative figures presented in these consolidated financial statements are those of the Target Group.

The consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the period ended 30 June 2018 refers to the Group which includes the results of the Target Group from 1 January 2017 to 30 June 2018 and the post-acquisition results of the Company from the date of completion of the Reverse Acquisition to 30 June 2018. The consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the year ended 31 December 2016 refer to the results of the Target Group from 1 January 2016 to 31 December 2016.

2. Reverse acquisition (cont'd)

The balance sheet of the Group as at 30 June 2018 refers to the balance sheet of the Target Group and the Company as at 30 June 2018. The balance sheet of the Group as at 31 December 2016 refers to the balance sheet of the Target Group.

Separate financial statements of the Company

In connection with the Reverse Acquisition, the Company has changed its reporting year end from 31 December to 30 June. Therefore, the financial statements of the Company for the current reporting period covered the eighteen months from 1 January 2017 to 30 June 2018.

In the Company's separate financial statements, investments in the legal subsidiaries (including the Target Group) is accounted for at cost less accumulated impairment losses, if any, in the Company's balance sheet.

The balance sheet of the Company as at 30 June 2018 and 31 December 2016 refer to the balance sheet of the Company.

Further details on accounting of the Reverse Acquisition are provided in Note 30.

3. Summary of significant accounting policies

3.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

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

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on the adoption of SFRS(I) 9, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of implementation. The Group expects the impact of adopting SFRS(I) 9 will be similar to the impact on adoption of FRS109 as disclosed in Note 3.3.

3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all new and revised standards which are effective for annual financial period beginning on 1 January 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

3.3 Standards issued but not yet effective

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

	Effective for annual periods beginning on or after
Amendments to FRS 102 *Classification and Measurements of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
INT FRS123 *Uncertainty over Income Tax Treatments*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 28 *Long-term interests in Associates and Joint Ventures*	1 January 2019
Improvement to FRSs (March 2018)	
- Amendments to FRS 103 *Business Combinations*	1 January 2019
- Amendments to FRS 111 *Joint Arrangements*	1 January 2019
- Amendments to FRS 12 *Income Taxes*	1 January 2019
- Amendments to FRS 23 *Borrowing Costs*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

As disclosed in Note 3.1, the Group will adopt SFRS(I) on 1 July 2018. Upon adoption of SFRS(I) on 1 July 2018, the SFRS(I) equivalent of the above standards that are effective on 1 July 2018 will be adopted at the same time.

Except for SFRS(I) 9 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 109 and SFRS(I) 116 are disclosed below.

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects an increase in the impairment allowance and decrease in trade and other receivables balances due to unsecured nature of its loans and receivables, but will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

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

3.3 Standards issued but not yet effective (cont'd)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheet to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

3.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

(b) Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

- No additional goodwill is recognised as a result of the combination.

- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

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

3.5 Foreign currency

The functional currency of the Company is Singapore Dollars ("SGD" or "S$") as it reflects the primary economic environment in which the entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Translation

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

3.6 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to customers, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service.

A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of development properties held for sale and revenue from construction contracts

For sale of development properties held for sale, revenue is recognised over time. Under the over time method, revenue is brought to profit or loss only in respect of finalised sales contracts and to the extent that such revenue relates to the progress of construction work. The progress of construction work is measured by the input method, i.e. the proportion of the construction and related costs incurred to date to the estimated total construction and related costs for each project.

(b) Rental income

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

(c) Interest income

Interest income is recognised using the effective interest method.

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

3.7 Leases

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Where a sale-and-leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments by the Group at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.6(b). Contingent rents are recognised as revenue in the period in which they are earned.

3.8 Borrowing costs

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

3.9 Employee benefits

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

3.10 Taxes

(a) Current income tax

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

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

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

3.10 Taxes (cont'd)

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

(c) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

3.11 Property, plant and equipment

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

The cost of an item of property, plant and equipment 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 also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure relating to construction is capitalised as capital work-in-progress when incurred and no depreciation is provided until the construction is completed.

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

3.11 Property, plant and equipment (cont'd)

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

	Useful lives
Property	40 years
Computer equipment	1 year
Plant and machinery	1 to 10 years
Motor vehicles	5 to 6 years
Office equipment and furniture of fittings consist of:	
1. Artworks	3 years
2. Office equipment	3 years
3. Furniture and fittings	4 years
Show units	4 years
Renovations	6 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

3.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. The net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

3.13 Subsidiaries

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

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

3.14 Associate and joint venture

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

The Group accounts for its investments in associate and joint venture using the equity method from the date which it becomes an associate or joint venture.

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

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

3.14 Associate and joint venture (cont'd)

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired.

If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

3.15 Impairment of non-financial assets

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

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

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

3.16 Development properties

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

<u>Completed development property/development properties under construction (unsold units)</u>

Completed development property/development properties under construction (unsold units) are held as inventories and are measured at the lower of cost and net realisable value.

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

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

3.16 Development properties (cont'd)

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

Contract costs

Costs to obtain contracts are capitalised if they are incurred to obtain a contract with a customer that the Group would not have incurred if the contract had not been obtained, and the costs are expected to be recoverable.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered.

Subsequent to initial measurement, contract costs are amortised to profit or loss using the same measure of progress as the related contract revenue.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of the contract costs exceeds the remaining amount of consideration that the Group expects to receive for the sold units less the estimated costs of completion that have not been recognised as expenses. An impairment loss is reversed if the conditions no longer exist or have improved.

3.17 Financial instruments

(a) Financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose of which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception of the designation of financial assets at fair value through profit or loss, which is irrevocable.

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

The Group has financial assets that are designated at fair value through profit or loss at inception. Financial assets designated at fair value through profit or loss at inception are those are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Assets in this category are presented as current assets if there are either trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date, in which case they are presented as non-current assets.

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

3.17 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Recognition and derecognition

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Purchase and sales of financial assets in a regular way are recognised on trade-date, the date on which the Group commits to purchase and sell the asset.

Financial assets are derecognised where the contractual right to receive cash flows from the asset has expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in the income statement.

Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividend, are recognised in the income statement when changes arise.

(b) Financial liabilities

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

All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(c) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

3.18 Impairment of financial assets

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

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

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

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

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

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

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

3.20 Provisions

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

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

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

3.21 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

3.22 Share capital and share issuance expenses

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

3.23 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

4. Critical accounting judgments and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revision to accounting estimates is recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

Significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such evidence or indication exists, based on the evaluation of both internal and external sources of information. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Based on management's assessment, there were no indicator of impairment of non-financial assets.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or development property held for sale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property, plant and equipment and development property held for sale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in FRS 2, FRS 16 and FRS 40, and in particular, the intended usage of property as determined by the management.

4. Critical accounting judgments and key sources of estimation uncertainty (cont'd)

4.1 Critical judgments in applying accounting policies (cont'd)

Contracts with customers

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time where contracts are entered into for property development (sale of properties to customers), the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Allocation of transaction price to performance obligations in contracts with customers

The Group applies the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. These estimates mainly include: (a) for development contracts, the cost of development and related infrastructure; and (b) for services contracts, the time elapsed.

Estimation of net realisable value for development properties

Development properties are stated at lower of cost or net realisable value (NRV). NRV is assessed with reference to the estimated selling prices and estimated total construction costs. The estimated selling prices are based on recent selling prices for the development project or comparable projects and prevailing market conditions. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred.

Impairment of trade and other receivables

An estimate of the collectible amount of trade and other receivables is made when collection of the full amount is no longer probable. This determination of whether the receivables are impaired entails management's evaluation of the specific credit and liquidity position of the customers and related parties and their historical recovery rates, including discussion with the legal department and review of the current economic environment. Management is satisfied that no additional impairment is required on its trade and other receivables in excess of amount already provided for.

5. Revenue

	Group	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
	$'000	$'000
Sale of development properties	117,417	59,113
Revenue from construction contracts	3,963	–
Sale of goods	46	–
	121,426	59,113

The following table provides information about receivables and contract liabilities from contracts with customers.

	Group	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
	$'000	$'000
Receivables from contracts with customers (included in "Trade receivables) (Note 18)	37,316	5,559
Contract liabilities ("Advance billings") (Note 27)	(11,724)	(1,865)

The contract liabilities primarily relate to advance consideration received from customers, for which revenue is recognised as construction progresses.

Contract balances

Movement in contract liabilities is as follows:

	Group	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
	$'000	$'000
Beginning balance	1,865	3,036
Addition due to the Reverse Acquisition (Note 13)	1,536	–
Advance consideration received from customers	129,703	57,942
Revenue recognised for the period	(121,380)	(59,113)
Ending balance	11,724	1,865

5. Revenue (cont'd)

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	Group	
	2018	2016
	$'000	$'000
Aggregate amount of the transaction price allocated to sale of development properties and construction contracts that are partially or fully unsatisfied as at 30 June	11,778	137,573

Contract liabilities are recognised as revenue as the Group performs under the contract.

Disaggregation of revenue

	Development properties		Construction contracts		Sale of goods		Corporate service		Adjustments and eliminations		Total	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016	30.6.2018	31.12.2016	30.6.2018	31.12.2016	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets												
Singapore	–	–	3,963	–	46	–	822	–	(822)	–	4,009	–
Malaysia	117,417	59,113	–	–	–	–	–	–	–	–	117,417	59,113
	117,417	59,113	3,963	–	46	–	822	–	(822)	–	121,426	59,113
Major product or service lines												
Residential properties	115,226	58,125	–	–	–	–	–	–	–	–	115,226	58,125
Commercial properties	2,191	988	–	–	–	–	–	–	–	–	2,191	988
Construction contracts for housing development board properties	–	–	1,659	–	–	–	–	–	–	–	1,659	–
Construction contracts for condominium and other properties	–	–	2,304	–	–	–	–	–	–	–	2,304	–
Trading income	–	–	–	–	46	–	–	–	–	–	46	–
Corporate service	–	–	–	–	–	–	822	–	(822)	–	–	–
	117,417	59,113	3,963	–	46	–	822	–	(822)	–	121,426	59,113
Timing of transfer of goods or services												
At a point in time	–	–	–	–	46	–	–	–	–	–	46	–
Over time	117,417	59,113	3,963	–	–	–	822	–	(822)	–	121,380	59,113
	117,417	59,113	3,963	–	46	–	822	–	(822)	–	121,426	59,113

6. Other operating income

	Group	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
	$'000	$'000
Foreign exchange gain (net)	422	–
Bargain purchase gain on acquisition of subsidiaries (negative goodwill)	1,224	–
Gain on disposal of subsidiary	–	167
Interest income	332	95
Rental income	201	–
Reversal of impairment loss on other receivables	–	2,843
Reversal of provision for warranty	1,077	–
Forfeiture of deposits	396	136
Others	257	17
	3,909	3,258

7. Finance costs

	Group	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
	$'000	$'000
Interest expense on:		
- Finance lease liabilities	7	14
- Bank overdraft	194	208
Interest expense on amount due to a related party	725	7
Interest expense on bank loans	5,136	3,169
Less: interest capitalised in development properties	(4,059)	(1,893)
	2,003	1,505

8. Profit before tax from continuing operations

The profit before tax from continuing operations is determined after charging/(crediting):

	Group	
	1.1.2017 to 30.6.2018	**1.1.2016 to 31.12.2016**
	$'000	**$'000**
Cost of sales		
Amortisation of deferred costs	5,237	1,719
Provision for warranty	177	–
Inventories written down	199	–
Marketing and distribution		
Sales and marketing expenses	6,499	2,240
Operating and administrative expenses		
Audit fees		
- Auditors of the Company	150	–
- Other auditors	9	70
Non-audit fees paid to auditors of the Company	27	–
Depreciation of property, plant and equipment	449	310
Employee benefit expense		
- Salaries and bonus	5,571	1,331
- Contribution to defined contribution plan	535	268
- Staff welfare	321	226
Legal and professional fee	946	338
Travelling expenses	299	291
Transaction costs arising from the Reverse Takeover	234	–
Repair and maintenance expenses	145	–
Operating lease expenses	900	471

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the period ended 30 June 2018 and year ended 31 December 2016 are:

	Group	
	1.1.2017 to 30.6.2018	**1.1.2016 to 31.12.2016**
	$'000	**$'000**
Consolidated Statement of Comprehensive Income		
Current income tax – continuing operations:		
- Current year	12,663	5,454
- Under/(over)-provision in respect of previous year	219	(54)
	12,882	5,400
Deferred income tax – continuing operations (Note 23)		
- Origination and reversal of temporary differences	(1,807)	374
Income tax attributable to continuing operations	11,075	5,774
Income tax attributable to discontinued operations (Note 10)	–	–
Income tax expense recognised in profit or loss	11,075	5,774

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the period ended 30 June 2018 and year ended 31 December 2016 is as follows:

	Group	
	1.1.2017 to 30.6.2018	**1.1.2016 to 31.12.2016**
	$'000	**$'000**
Profit before tax from continuing operations	39,070	23,091
Loss before tax from discontinued operations (Note 10)	(2,982)	–
Accounting profit before tax	36,088	23,091
Tax calculated using Singapore tax rate at 17% (2016: 17%)	6,135	3,925
Effect of tax rates in foreign jurisdictions	3,746	1,607
Expenses not deductible for tax purposes	1,105	446
Income not subjected for tax purposes	(575)	(466)
Deferred tax assets not recognised	76	180
Tax losses utilised	–	(35)
Under/(over)-provision in respect of previous year	219	(54)
Share of results of associates	98	95
Share of result of joint ventures	262	75
Others	9	1
Income tax expense recognised in profit or loss	11,075	5,774

10. Discontinued operations

On 8 May 2017, the Company entered into a sale and purchase agreement to dispose all of its shareholding in Autotrax International Pte. Ltd. ("Autotrax"), a 51%-owned subsidiary of the Company, the results of Autotrax and its wholly-owned subsidiary, Autovox Korea Co., Ltd., which was previously reported as vehicle segment. The disposal was completed on 25 May 2017. Accordingly, the results of Autotrax are presented separately on the Consolidated Statement of Comprehensive Income as "Loss from discontinued operations, net of tax".

Statement of Comprehensive Income disclosures

The results of Autotrax for the period ended 30 June 2018 are as follows:

	Group	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
	$'000	$'000
Revenue	52	–
Expenses	(257)	–
Loss before tax from discontinued operations	(205)	–
Loss on disposal of subsidiary	(2,777)	–
Loss from discontinued operations, net of tax	(2,982)	–

Loss per share disclosures

	Group	
	1.1.2017 to 30.6.2018	1.1.2016 to 31.12.2016
	$'000	$'000
Loss per share from discontinued operations attributable to owners of the Company (cents)		
Basic and diluted	(0.61)	–

The basic and diluted loss per share from discontinued operations are calculated by dividing the loss from discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These loss and share data are presented in the tables in Note 11(a).

11. Earnings per share

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period/year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

11. Earnings per share (cont'd)

(a) Continuing operations (cont'd)

Diluted earnings per share for the period ended 30 June 2018 and year ended 31 December 2016 are the same as the basic earnings per share because the Company does not have any potential dilutive ordinary shares for the period ended 30 June 2018 and year ended 31 December 2016.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the period ended 30 June 2018 and year ended 31 December 2016:

	Group	
	1.1.2017 to 30.6.2018	**1.1.2016 to 31.12.2016**
	$'000	**$'000**
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share from continuing operations	11,414	7,529
	No. of Shares	**No. of Shares**
	'000	**'000**
Weighted average number of ordinary shares for basic earnings per share [(1)] [(2)]	490,488	154,845
Earnings per share (cents)		
- Basic and diluted	2.33	4.86

(1) The weighted average number of ordinary shares during the financial period/year from 1 January 2017 to 30 June 2018 and 31 December 2016 was adjusted for the effect of the Share Split as disclosed in Note 30(a) to the financial statements.

(2) The basic earnings per share was computed based on the weighted average number of ordinary shares adjusted for the Share Split.

In connection with the Reverse Acquisition, the number of ordinary shares outstanding from the beginning of the period to the completion date of the Reverse Acquisition for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the Company to the owners of the Target Group. The number of ordinary shares outstanding from the completion date to the end of the period is the weighted average number of ordinary shares of the Company outstanding during the period.

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the profit for the period/year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and dividing the profit for the period/year attributable to owners of the Company adjusted for interest expense on convertible redeemable shares by the weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note 11(a) above.

12. Property, plant and equipment

Group	Motor vehicles $'000	Computer equipment $'000	Office equipment and furniture and fittings $'000	Show unit $'000	Renovations $'000	Plant and machinery $'000	Property $'000	Total $'000
Cost:								
At 1 January 2016	535	110	25	496	6	–	–	1,172
Additions	–	9	7	–	192	–	–	208
Exchange difference	(3)	(2)	(1)	(11)	–	–	–	(17)
At 31 December 2016 and 1 January 2017	532	117	31	485	198	–	–	1,363
Additions	–	121	6	–	65	–	–	192
Additions due to Reverse Acquisition	5	–	4	–	4	37	277	327
Attributable to discontinued operations	(5)	–	–	–	(4)	–	(277)	(286)
Disposals/written-off	(310)	(6)	–	–	–	–	–	(316)
Exchange difference	5	5	–	23	–	–	–	33
At 30 June 2018	227	237	41	508	263	37	–	1,313
Accumulated depreciation:								
At 1 January 2016	345	110	21	248	5	–	–	729
Depreciation charged	107	5	3	125	70	–	–	310
Exchange difference	(3)	(2)	(1)	(10)	–	–	–	(16)
At 31 December 2016 and 1 January 2017	449	113	23	363	75	–	–	1,023
Depreciation charged	84	95	9	127	124	10	–	449
Disposals/written-off	(311)	(5)	–	–	–	–	–	(316)
Exchange difference	5	5	–	18	–	–	–	28
At 30 June 2018	227	208	32	508	199	10	–	1,184
Net carrying amount:								
At 31 December 2016	83	4	8	122	123	–	–	340
At 30 June 2018	–	29	9	–	64	27	–	129

As at 30 June 2018, the Group has unpaid purchases amounted to $58,000 (2016: $Nil).

12. Property, plant and equipment (cont'd)

Company	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
Cost:			
At 1 January 2016	1,559	543	2,102
Additions	2	–	2
Disposals	(8)	(232)	(240)
At 31 December 2016 and 1 January 2017	1,553	311	1,864
Additions	63	–	63
Disposals	(6)	–	(6)
At 30 June 2018	1,610	311	1,921
Accumulated depreciation:			
At 1 January 2016	1,551	443	1,994
Additions	10	23	33
Disposals	(8)	(158)	(166)
At 31 December 2016 and 1 January 2017	1,553	308	1,861
Depreciation charge for the year	50	3	53
Disposals	(5)	–	(5)
At 30 June 2018	1,598	311	1,909
Net carrying amount:			
At 31 December 2016	–	3	3
At 30 June 2018	12	–	12

13. Investment in subsidiaries

	Company 2018 $'000	Company 2016 $'000
Cost of investments	27,555	27,555
Acquisition of the Target Group arising from the Reverse Acquisition	167,838	–
Additional investments via:		
Capitalisation of intercompany loan	2,250	–
Cash	1,500	–
Disposal of subsidiaries	(1,955)	–
Less: Accumulated impairment losses	(27,541)	(27,555)
	169,647	–

13. Investment in subsidiaries (cont'd)

The acquisition cost of the Target Group arising from the Reverse Acquisition was determined by reference to the issue of the shares pursuant to the Reverse Acquisition, commission for placement shares, contingent consideration, cash deposit and cash payments/payable as follows:-

	Company	
	30.6.2018	**31.12.2016**
	$'000	**$'000**
Issuance of shares pursuant to the Reverse Acquisition (Note 30(a))	133,838	–
Issue of placement shares	8,830	–
Issuance cost for placement shares	(330)	–
Issuance of top-up shares in relation to the Reverse Acquisition (Note 30(a))	4,778	–
Contingent consideration of issuance of top-up shares	1,722	–
Contingent balance consideration	10,000	–
Cash consideration paid	7,500	–
Cash payable	1,500	–
	167,838	–

The movement in allowance for impairment losses in subsidiaries is as follows:

	Company	
	30.6.2018	**31.12.2016**
	$'000	**$'000**
At 1 January	27,555	26,902
Impairment loss charged to profit or loss (Note 13(b))	1,941	653
Disposal of subsidiaries*	(1,955)	–
At 30 June/31 December	27,541	27,555

* Subsequent to the disposal of Autotrax International Pte. Ltd. in May 2017.

As at 30 June 2018, the subsidiaries of the Company relate to entities held directly or indirectly by the Company subsequent to the Reverse Acquisition, namely, the Target Group, as described in Note 2.

(a) Composition of the Group

Details of subsidiaries at the end of the financial period are as follow:

	Name	**Principal activities**	**Country of incorporation**	**Effective ownership interest**	
				30.6.2018	**31.12.2016**
				%	**%**
(a),(1)	Durabeau Industries Pte Ltd ("DIPL")	Manufacturer of aluminium grilles, windows and doors	Singapore	100	–
(a),(1)	LH Aluminium Industries Pte. Ltd. ("LHAI")	Design, engineering, fabrication and installation of aluminium architectural and engineering products	Singapore	100	–

13. Investment in subsidiaries (cont'd)

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

	Name	Principal activities	Country of incorporation	Effective ownership interest 30.6.2018 %	Effective ownership interest 31.12.2016 %
(d),(1)	Autotrax International Pte. Ltd. ("Autotrax")	Investment holdings and design, manufacture and marketing of vehicle traction equipment	Singapore	–	51
(a)	Pacific Star Development Pte. Ltd. ("PSDPL")	Investment holding	Singapore	100	–
	Held through PSDPL				
(a)	Twin Prosperity Group Ltd. ("TPG") and its subsidiary ("TPG Group")	Investment holding	British Virgin Islands	51	51
(a)	Tropical Sunrise Development Inc. and its subsidiary:	Investment holding	British Virgin Islands	51	51
(b)	Pearl Discovery Development Sdn. Bhd. and its subsidiary:	Project developer	Malaysia	51	51
(c)	Pearl Discovery Property Management Sdn. Bhd.	Provision of property management services, project management services, marketing, leasing and sales services	Malaysia	51	51
(c)	Pacific Star Development (Malaysia) Sdn. Bhd. and its subsidiary:	Provision of project management services	Malaysia	100	100
(c)	Pacific Star Property Sdn. Bhd.	Investment holding	Malaysia	100	100
	Held through Autotrax				
(d),(1)	Autovox Korea Co., Ltd. ("Autovox Korea")	Manufacturing automotive traction devices and parts	South Korea	–	51

(a) Audited by Ernst & Young LLP, Singapore, for consolidation purposes only.

(b) Audited by a member firm of EY Global in Malaysia.

(c) Audited by another firm of auditors in the respective countries.

(d) Disposed during the financial period.

(1) Aquired as part of the Reverse Acquisition.

13. Investment in subsidiaries (cont'd)

(b) Increased in paid up share capital of subsidiaries

On 14 February 2017, the Company has increased the issued and paid up capital of its wholly owned subsidiaries, Durabeau Industries Pte Ltd and LH Aluminium Industries Pte. Ltd. by way of capitalisation of the intercompany loans of $2,250,000 due from these two subsidiaries and additional cash contribution of $1,500,000 to LH Aluminium Industries Pte. Ltd..

Subsequent to the capitalisation of the intercompany loans and the cash contribution, the issued and paid up share capital of the subsidiaries is as follows:

Subsidiary	Issued and paid up share capital as at 31.12.2016	Number of issued shares as at 31.12.2016	Amount of intercompany loan capitalised/ cash contribution	Issued and paid up share capital as at 30.6.2018	Number of issued shares as at 30.6.2018
	$'000	'000	$'000	$'000	'000
Durabeau Industries Pte Ltd	5,000	5,000	1,900	6,900	6,900
LH Aluminium Industries Pte Ltd	20,000	20,000	350	20,350	20,350
	25,000	25,000	2,250	27,250	27,250

As at the financial reporting date, accumulated impairment losses of approximately $27,541,000 (2016: $27,555,000) were recognised for subsidiaries in the non-property segment. This was due to intense competition in the industry resulting in lower margins for projects secured. The impairment test carried out as at 30 June 2018 for the subsidiaries indicated that the recoverable amounts of the subsidiaries were lower than their carrying amounts and in view of the working capital deficiency, an additional impairment loss of $1,941,000 (2016: $653,000) was charged for the subsidiaries in the non-property segment for the financial period ended 30 June 2018.

(c) Reverse Acquisition

As disclosed in Note 2, the Reverse Acquisition, the acquisition of the Pacific Star Development Pte. Ltd. was completed on 15 February 2017. As Pacific Star Development Pte. Ltd. is a private equity group, the quoted market price of the Company's shares provide a more reliable basis for measuring the consideration transferred for the Reverse Acquisition. The consideration transferred is determined using the fair value of the issued equity of the Company before the Reverse Acquisition, being approximately 14,891,000 shares at the quoted market price of $1.01 per share at the date of acquisition, amounting to approximately $15,042,000.

Pacific Star Development Pte. Ltd. ("PSDPL") is regarded as the accounting acquirer, and the Pacific Star Development Limited ("PSDL", previously known as LH Group Limited, "LH") is regarded as the accounting acquiree of the Reverse Acquisition.

13. Investment in subsidiaries (cont'd)

(c) Reverse Acquisition (cont'd)

The fair value of the identifiable assets and liabilities of LH as at the date of the Reverse Acquisition were:

	Fair value recognised on acquisition
	$'000
Property, plant and equipment	327
Inventories	510
Trade receivables	6,474
Allowance for impairment	(102)
Other receivables, deposits and prepayments	3,951
Financial assets, at fair value through profit or loss	4
Cash at bank and on hand	7,740
Fixed deposit pledged	5,087
Trade payables	(3,586)
Other payables and accruals	(2,987)
Provision for warranty	(2,171)
Contract work-in-progress	(1,536)
Bank overdraft	(214)
Borrowings	(538)
Provision for income tax	(45)
Total identifiable net assets at fair value	12,914
Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	3,352
Gain on acquisition (negative goodwill)	(1,224)
Consideration for the acquisition	15,042
Effect of the acquisition on cash flows	
Consideration for the acquisition	15,042
Less: Non-cash consideration	(15,042)
Consideration settled in cash	–
Less: Cash and cash equivalents of LH acquired	7,526
Net cash inflow on completion of Reverse Acquisition	7,526

Impact of the acquisition on profit or loss

From the Reverse Acquisition date, LH has contributed $4,008,000 of revenue and losses after tax of $3,833,000 to the Group's profit for the period. If the business combination had taken place at the beginning of the period, the Group's revenue would have increased approximately by $719,000 and profit after tax would have decreased approximately by $333,000 respectively.

13. Investment in subsidiaries (cont'd)

(d) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000
30 June 2018:				
Twin Prosperity Group Ltd ("TPG") and its subsidiary ("TPG Group")	British Virgin Islands	49%	(641)	(454)
Tropical Sunrise Development Inc and its subsidiary:	British Virgin Islands	49%	1,781	3,240
Pearl Discovery Development Sdn Bhd	Malaysia	49%	15,866	26,617
Pearl Discovery Property Management Sdn. Bhd.	Malaysia	49%	2	2
			17,008	29,405
31 December 2016:				
Twin Prosperity Group Ltd ("TPG") and its subsidiary ("TPG Group")	British Virgin Islands	49%	(641)	188
Tropical Sunrise Development Inc and its subsidiary:	British Virgin Islands	49%	909	1,457
Pearl Discovery Development Sdn Bhd	Malaysia	49%	8,096	10,750
Pearl Discovery Property Management Sdn. Bhd.	Malaysia	49%	2	2
			8,366	12,397

13. Investment in subsidiaries (cont'd)

(e) Summarised financial information about subsidiaries with material NCI

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

TPG Group	30.6.2018 $'000	31.12.2016 $'000
Revenue	121,942	56,178
Profit before tax	48,654	19,889
Income tax expense	(12,102)	(5,394)
Profit after tax and total comprehensive income	36,552	14,495
Non-current assets	13	2,089
Current assets	178,735	116,252
Non-current liabilities	(44,006)	(52,106)
Current liabilities	(75,866)	(48,055)
Net assets	58,876	18,180
Net assets attributable to NCI*	29,438	9,090
Cash flows used in operating activities	(19,646)	(12,277)
Cash flows generated from financing activities	15,513	13,977
Cash flows used in investing activity	(49)	–
Net (decrease)/increase in cash and cash equivalents	(4,182)	1,700

* In accordance with the joint venture agreement, the Group shares total comprehensive income and net assets of TPG Group with the NCI on a 50-50 percent basis.

(f) Disposal of a subsidiary

On 7 April 2016, the Company sold 51% of its interest in Pacific Star Development (Thailand) Co., Ltd to an external party. The consideration was THB 518 and it was part of the Group's restructuring initiative. The disposal was completed on the day which control of the entity was passed to the acquirer. As a result of the disposal, the Company has lost control and Pacific Star Development (Thailand) Co., Ltd. became an associate of the Company.

The value of assets and liabilities of Pacific Star Development (Thailand) Co., Ltd, recorded in the consolidated financial statements as at 31 March 2016, and the effects of the disposal were:

	$'000
Trade and other receivables	110
Cash and short term deposits	22
	132
Trade and other payables	(301)
Net liabilities of subsidiary disposed	(169)

Gain on disposal:

	$'000
Net liabilities derecognised	(169)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	2
Gain on disposal	(167)

14. Deferred costs

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
Beginning balance	3,257	4,289
Amortisation during the period/year	(5,237)	(1,719)
Addition during the period/year	1,830	743
Exchange differences	150	(56)
Ending balance	–	3,257
Less: Current portion of deferred costs	–	(2,997)
Non-current portion of deferred costs	–	260

15. Financial assets at fair value through profit or loss

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
Held for trading		
Listed equity securities - Singapore	4	–

16. Development property

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
Property under development for which revenue is recognised using over time:		
Land costs	30,742	30,742
Development and other costs	205,435	119,639
Interest	10,068	5,727
	246,245	156,108
Costs of properties recognised to profit and loss	(110,966)	(52,354)
Exchange differences	8,667	(617)
	143,946	103,137

Interest expense was capitalised at a range of 6.43% to 6.93% (2016: 8%) per annum.

As at 30 June 2018, the development property of the Group has been pledged as security for bank loans.

Details of the development property held by the Group as at 30 June 2018 are as follow:

Description and location	Site area (square meters)	Gross floor area (square meters)	Stage of completion as at date of annual report (expected year of completion)
Puteri Cove Residences and Quayside Lot No. 194422 Persiaran Tanjung, Puteri Harbour 79000 Iskandar Puteri, Johor Darul Ta'zim, Malaysia - 51% owned by the Group	31,570	120,000	Phase 1 Completed Two 32-storey residential towers, four soho blocks and 2-storey lifestyle retail centre Phase 2 One 32-storey serviced apartment tower; construction completion expected by December 2018

17. Inventories

	Group	
	30.6.2018	**31.12.2016**
	$'000	**$'000**
Raw materials	498	–
Consumable stocks	76	–
	574	–
Inventories recognised as an expense in cost of sales inclusive of the following (credit)/charge:		
- Inventories written down	199	–
- Reversal of inventories written down	(95)	–

18. Trade receivables

	Group		Company	
	30.6.2018	**31.12.2016**	**30.6.2018**	**31.12.2016**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Retention receivables:				
- third parties	59	–	–	–
Current				
Due from:				
- third parties	37,146	5,559	325	162
- subsidiaries	–	–	1,725	1,786
- related parties	170	–	–	–
Retention receivables:				
- third parties	980	–	–	–
	38,296	5,559	2,050	1,948
Less: Allowance for impairment				
- third parties (Note 13)	(102)	–	–	–
- subsidiaries	–	–	–	(1,223)
	38,194	5,559	2,050	725
Total trade receivables	38,253	5,559	2,050	725
Add: Cash at bank (Note 20)	2,015	6,412	119	2,343
Fixed deposit pledged (Note 20)	501	–	501	8,131
Other receivables (excluding prepayments) (Note 19)	13,637	12,033	169	3,524
Less: Net GST receivables (Note 19)	(252)	(254)	–	–
Total loans and receivables	54,154	23,750	2,839	14,723

Trade receivables are non-interest bearing and are generally on 30 to 90 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The amounts due from subsidiaries and related parties are trade in nature, unsecured, interest-free and repayable on normal credit terms.

18. Trade receivables (cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $16,991,000 (2016: $3,986,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	30.6.2018	**31.12.2016**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Lesser than 30 days	1,742	720
30 - 60 days	3,550	665
61 - 90 days	732	985
91 -120 days	1,146	152
More than 120 days	9,821	1,464
	16,991	3,986

The Group and the Company's exposure to credit and currency risks and impairment losses are disclosed in Note 36.

Trade and other receivables are denominated in the respective functional currencies of the subsidiaries at end of reporting period.

Trade receivables that are neither past due nor impaired

The Group has trade receivables amounting to $21,203,000 (2016: $1,573,000) that are neither past due at the end of the reporting period nor impaired. These are progress invoices billed to purchasers based on the stage of building completion. None of these balances have been renegotiated during the financial period.

19. Other receivables and other current assets

	Group		Company	
	30.6.2018	**31.12.2016**	**30.6.2018**	**31.12.2016**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Other receivables:				
Due from subsidiaries	–	–	197	9,206
Amounts due from associate	4,934	3,716	–	–
Amounts due from joint venture	7,736	5,099	–	–
Deposits	508	196	169	206
Deposits paid for proposed acquisition	–	–	–	3,000
Other receivables	207	2,768	–	–
Net GST receivables	252	254	–	–
Sundry debtors	–	–	–	60
	13,637	12,033	366	12,472
Less: Allowance for impairment				
- subsidiaries (Note 36(a))	–	–	(197)	(8,948)
	13,637	12,033	169	3,524
Other current assets:				
Prepayments to suppliers	89	–	–	–
Other prepayment	136	104	25	13
	13,862	12,137	194	3,537

19. Other receivables and other current assets (cont'd)

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand and include amounts denominated in US Dollars of $Nil (2016: $48,000). In the previous financial year, the Company has charged an impairment loss on amounts due from its subsidiaries to profit or loss of $4,274,000.

The non-trade amounts due from associate and joint venture are unsecured, interest-free and repayable on demand. There is no impairment loss arising from the outstanding balances for subsidiaries, associate and joint venture during the year.

Other receivables are non-interest bearing and repayable on demand. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Reversal of impairment loss of $2,843,000 on other receivables was recognised in the financial year ended 2016 as a result of collection.

20. Cash and cash equivalents

	Group		Company	
	30.6.2018	**31.12.2016**	**30.6.2018**	**31.12.2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank	2,015	6,412	119	2,343
Fixed deposit pledged	501	–	501	8,131
	2,516	6,412	620	10,474
Less: Fixed deposits pledged	(501)	–	(501)	(8,131)
Less: Bank overdraft (Note 21)	(1,845)	(2,417)	–	–
Cash and cash equivalents	170	3,995	119	2,343

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Company

Fixed deposits earned an average effective interest rate ranging from 0.25% to 0.75% (2016: 0.25% to 0.95%) per annum. Fixed deposits totalling $501,000 (2016: $8,131,000) are maturing between 7 to 12 months (2016: 3 to 12 months). Fixed deposits totalling $501,000 (2016: $5,087,000) are pledged to the banks as security for banking facilities amounting to $500,000 (2016: $7,550,000).

The Company has performance bonds of $402,500 (2016: $252,500) which are secured with pledged fixed deposits.

Cash and cash equivalents are denominated in the respective functional currencies of the subsidiaries at 30 June 2018 and 31 December 2016 except for the following:

	Group		Company	
	30.6.2018	**31.12.2016**	**30.6.2018**	**31.12.2016**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollars	13	–	–	61
Chinese Renminbi	5	–	–	–

21. Loans and borrowings (cont'd)

	Group	
	30.6.2018	**31.12.2016**
	$'000	**$'000**
Current		
Obligations under finance leases	59	54
Secured bank loans	23,688	1,681
Bank overdrafts, secured (Note 20)	1,845	2,417
	25,592	4,152
Non-current		
Obligations under finance leases	16	102
Secured bank loans	26,922	35,395
	26,938	35,497
Total loans and borrowings	52,530	39,649

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

				Group	
	Currency	**Nominal interest rate**	**Year of maturity**	**30.6.2018**	**31.12.2016**
				$'000	**$'000**
Secured bank loan	MYR	(2.25% - 2.75%) + KLIBOR (2016: (2.25%-2.75%) +KLIBOR)	2016 -2019	50,610	37,076
Obligations under finance leases	SGD/MYR	1.88%-2.37% (2016: 1.88%-2.37%)	2019 - 2020	75	156

<u>Bank overdrafts, secured</u>

The bank overdrafts and loans from a financial institution are secured as follows:

- legal mortgage on the Group's development property;
- assignment of all rights and benefits to sale, lease and/or insurance proceeds in respect of the development property; and
- corporate guarantees from the Target and a non-controlling interest.

21. Loans and borrowings (cont'd)

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

	31.12.2016	Cash flows	Non-cash changes		30.6.2018
			Foreign exchange movement	Other	
	$'000	$'000	$'000	$'000	$'000
Secured bank loan					
- Current	1,681	–	(117)	22,124	23,688
- Non-current	35,395	13,790	(139)	(22,124)	26,922
Obligations under finance leases					
- Current	54	(92)	11	86	59
- Non-current	102	–	–	(86)	16
	37,232	13,698	(245)	–	50,685

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

22. Loans from non-controlling interests

The loans from non-controlling interests are unsecured, interest-free and is repayable on demand but the non-controlling interest have undertaken not to recall the loan within the next twelve months.

23. Deferred tax liabilities

	Group			
	Consolidated balance sheet		Consolidated income statement	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Deferred costs	–	801	801	–
Adjustment of percentage of completion	–	1,006	1,006	(374)
	–	1,807		
Deferred tax credit/(expense)			1,807	(374)

Unrecognised tax losses

Deferred tax assets have not been recognised in respect of tax losses of the Group and the Company amounting to approximately $76,000 and $114,000 (2016: $4,934,000 and $4,435,000) respectively because it is uncertain that future taxable profit will be available against which the Group and the Company can utilise the benefits and subject to the agreement of tax authorities of each jurisdiction that the Company or subsidiary operates.

24. Provision for warranty

The Group gives up to ten-year warranties on certain products sold by undertaking to repair or replace items that fail to perform satisfactorily. A provision is recognised at the financial reporting date for expected warranty claims based on past experience of the level of repairs.

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
Non-current		
At completion of Reverse Acquisition (Note 13)	2,171	–
Provision made	177	–
Provision utilised	(142)	–
Reversal	(1,077)	–
At 30 June/31 December	1,129	–

25. Trade payables

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
Due to third parties	22,212	20,512

Trade payables are non-interest bearing and are generally settled on credit term of 30 to 90 days.

26. Other payables

	Group		Company	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000
Accruals	5,811	10,861	544	1,962
Restructuring costs	–	–	–	93
Sundry creditors	1,148	250	181	228
Non-trade amounts due to:				
- subsidiaries	–	–	730	–
- a related party (formerly an immediate holding company)	19,360	3,875	11,500	–
Total other payables	26,319	14,986	12,955	2,283
Add: Trade payables (Note 25)	22,212	20,512	–	–
Loans and borrowings (Note 21)	52,530	39,649	–	–
Loans from non-controlling interests (Note 22)	15,205	13,227	–	–
Total financial liabilities at amortised cost	116,266	88,374	12,955	2,283

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The non-trade amounts due to a related party are unsecured, repayable on demand and interest bearing as follows:

- Amount of $11,500,000 (2016: $Nil) relates to the remaining Reverse Acquisition consideration payables, bearing an interest of 5.00% (2016: Nil%) per annum; and

- Amount of $7,860,000 (2016: $3,875,000) relates to the advances which bears an interest of 9.25% (2016: 9.25%) per annum.

26. Other payables (cont'd)

The Group and the Company's exposure to liquidity risk related to trade and other payables are disclosed in Note 36.

27. Advance billings

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
Progress billings	186,014	66,845
Less: cumulative revenue recognised to date	(173,472)	(63,981)
Exchange differences	(818)	(999)
	11,724	1,865

28. Joint venture

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
Investment in joint venture [1]	– *	– *

* denotes less than $1,000.

(1) Audited by Ernst & Young LLP, Singapore, for consolidation purposes only.

The Group has 51% (2016: 51%) interest in the ownership and voting right in a material joint venture, Minaret Holdings Limited ("Minaret"). The joint venture is incorporated in the British Virgin Islands, principally engaged in investment holding. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

The following table summarises the financial information of the joint venture and its subsidiaries, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summarised balance sheet

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
Non-current assets	38,062	4,133
Current assets[a]	18,915	27,367
Non-current liabilities	(8,413)	(8,931)
Current liabilities	(42,185)	(19,885)
Net liabilities	(6,379)	(2,684)
Proportion of the Group's beneficial interest[b]	50%	50%
Group's share of net liabilities	(3,190)	(1,342)
Other adjustments	(357)	(662)
Carrying amount of the investment	(3,547)	(2,004)

28. Joint venture (cont'd)

Summarised statement of comprehensive income

	1.1.2017 to 30.06.2018 $'000	1.1.2016 to 31.12.2016 $'000
Loss after tax[c], representing total comprehensive income for the period	(3,086)	(887)

(a) Includes cash and cash equivalents of $1,065,000 (2016: $88,000).

(b) In accordance to the joint venture agreement, the rights to all distribution and declaration of dividends, profits, surplus will be shared equally between the two joint partners.

(c) Includes interest expense of $61,000 (2016: $440,000).

29. Associate

	Group	
	30.6.2018 $'000	31.12.2016 $'000
Investment in associate[1]	– *	– *

* denotes less than $1,000.

(1) Audited by another firm of auditors in Thailand.

In prior financial year, the Group disposed of its 51% equity interest in its wholly-owned subsidiary, Pacific Star Development (Thailand) Co., Ltd. ("PSDT") to a third party and reclassified the balance of its 49% to investment in associate. The associate is incorporated in Thailand and is principally engaged in investment holding.

The following table summarises the financial information of the associate based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summarised balance sheet

	30.6.2018 $'000	31.12.2016 $'000
Non-current assets	3,205	3,178
Current assets[a]	107	80
Current liabilities	(5,238)	(845)
Net (liabilities)/assets	(1,926)	2,413
Proportion of the Group's ownership	49%	49%
Group's share of net (liabilities)/assets	(944)	1,182
Other adjustments	(188)	(1,737)
Carrying amount of the investment[b]	(1,132)	(555)

29. Associate (cont'd)

Summarised statement of comprehensive income

	1.1.2017 to 30.06.2018 $'000	1.1.2016 to 31.12.2016 $'000
Revenue	–	–
Loss after tax, representing total comprehensive income for the period	(1,134)	(718)

(a) Includes cash and cash equivalents of $15,000 (2016: $50,000).

(b) Includes share of losses of the associate.

30. Share capital and treasury shares

(a) Share capital

	Note	Number of shares '000	$'000
Issued and fully paid ordinary shares			
Group			
At 1 January 2016, 31 December 2016 and 1 January 2017 [1]		15,783	17,738
Issuance of shares pursuant to the Reverse Acquisition [1] [2]	13(c)	132,500	15,042
Issue of placement shares [4]		11,038	8,521
Additional share due to share split [6]		318,640	–
Issuance of top-up shares in relation to the Reverse Acquisition [7]		24,375	6,500
At 30 June 2018		502,336	47,801
Company			
At 1 January 2016, 31 December 2016 and 1 January 2017 [5]		15,783	48,196
Issuance of shares pursuant to the Reverse Acquisition [3]		132,500	133,838
Issue of placement shares [4]		11,038	8,521
Additional share due to share split [6]		318,640	–
Issuance of top-up shares in relation to the Reverse Acquisition [7]		24,375	6,500
At 30 June 2018		502,336	197,055

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

30. Share capital and treasury shares (cont'd)

(a) Share capital (cont'd)

The Group's share capital amount differs from that of the Company as a result of Reverse Acquisition accounting as described in Note 2.

(1) The amount recognised as issued equity instruments in the consolidated financial statements includes the issued equity of the PSDS Group immediately before the Reverse Acquisition to the costs of the Reverse Acquisition.

(2) This represents the fair value of the consideration transferred in relation to the Reverse Acquisition. As PSDS Group is a private entity group, the quoted market price of the Company's shares provides a more reliable basis for measuring the consideration transferred than the estimated fair value of the share in the PSDS Group. The consideration transferred is determined using fair value of the issued equity of the Company before the acquisition, being 14,891,000 shares at $1.01 per share, which represents the fair value of the Company being the quoted and traded price of the shares at 15 February 2017 (date of completion of Reverse Acquisition).

(3) This represents the purchase consideration for the Company's acquisition of the PSDS Group which was satisfied by the allotment and issuance of 132,500,000 ordinary shares at $1.01 per share in the capital of the Company on 15 February 2017.

(4) Issue and allotment of 11,037,500 conditional placement shares at the issue price of $0.80 per conditional placement share ("Conditional Placement") on 15 February 2017. The net proceeds arising from the issue and allotment of 11,037,500 conditional placement shares was approximately $8,521,000, after deducting all costs, expenses and commission payable in respect of the Conditional Placement amounting to $0.3 million.

(5) The equity structure (i.e the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to effect the Reverse Acquisition.

(6) With effect from 21 February 2017, the proposed share split of every one (1) existing ordinary share in the capital of the Company held by shareholders into three (3) share has been completed.

(7) On 4 May 2017, the Company has allotted and issued an aggregate of 24,375,000 top-up shares at an agreed price of $0.267 per share as part of the purchase consideration for the Company's acquisition of the PSDS Group.

30. Share capital and treasury shares (cont'd)

(b) Treasury shares

	Group		Company	
	Number of shares '000	**$'000**	**Number of shares '000**	**$'000**
At 1 January 2016	–	–	(209)	(104)
Share buyback and held as treasury shares	–	–	(683)	(409)
At 31 December 2016 and 1 January 2017	–	–	(892)	(513)
Arising from the Reverse Acquisition	(892)	–	–	–
Additional share due to share split	(1,784)	–	(1,784)	–
At 30 June 2018	(2,676)	–	(2,676)	(513)

Treasury shares relate to ordinary shares of the Company that are held by the Company. In the previous financial year, the Company purchased 683,100 of its ordinary shares in the open market. The total amount paid to purchase the ordinary shares was $409,000 and this was presented as a component within shareholder's equity. With effect from 21 February 2017, the proposed share split of every one (1) existing ordinary share in the capital of the Company held by shareholders into three (3) share has been completed.

(c) Employee Share Option Scheme ("ESOS")

The ESOS for key management personnel and employees of the Company was approved by members of the Company at an Extraordinary General Meeting on 25 April 2013 and its administered by the Remuneration Committee.

The ESOS provides a means to recruit, retain and give recognition to employees who have contributed to the growth and success of the Company.

Principal Terms of the ESOS

(i) Participants

All key management personnel and employees of the Company who have been in the employment of the Company for a period of at least 12 months, or such shorter period as the Remuneration Committee may determine are eligible to participate in the ESOS.

(ii) Number of Shares

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

(iii) Options, exercise period and exercise price

Vesting period and exercise period

The vesting of the options is conditional on the key management personnel or employees completing another (i) one year of service to the Company for options granted with the exercise price set at market price: or (ii) two years of service to the Company for options granted with the exercisable price set at a discount to market price. Once the options are vested, they are exercisable for a period of four years. The options may be exercised in full or in part in respect of 100 shares or a multiple thereof, on the payment of the exercise price.

30. Share capital and treasury shares (cont'd)

(c) Company Employee Share Option Scheme ("ESOS") (cont'd)

Principal Terms of the ESOS (cont'd)

(iii) Options, exercise period and exercise price (cont'd)

Exercise price

The exercise price of the options is (i) determined at the volume weighted average of the Company's ordinary shares are quoted on the Singapore Exchange for five-consecutive market days immediately preceding the date of the grant ("Market Price"): or (ii) set at a discount not exceeding 20% of the market price.

(iv) Grant of options

The Remuneration Committee may at any time during the period when the ESOS is in force, except that, for so long as the Company's shares are listed and quoted on the SGX-ST, no options under ESOS shall be granted during the period of one month immediately preceding the date of announcement of the Company's quarterly results of its financial period/year.

(v) Acceptance of options

The grant of options shall be accepted within 30 days from the date of offer. Offer of options made to grantees, if not accepted by the closing date, will lapse.

(vi) Duration of the ESOS

The ESOS shall continue to be in force at the discretion of the Remuneration Committee, subjected to a maximum period of ten years from 25 April 2013.

Options Granted under ESOS

Movements in the number of unissued ordinary shares under options and their exercise price are as follows:

	Number of unissued ordinary shares under option					
	At 1.1.2017	**Granted during the financial period**	**Forfeited during the financial period**	**At 30.6.2018**	**Exercise price**	**Exercise period**
	'000	**'000**	**'000**	**'000**		
Company						
2014 Option	126	–	(54)	72	$1.75	3.3.2015 - 2.3.2019

	Number of unissued ordinary shares under option					
	At 1.1.2016	**Granted during the financial year**	**Forfeited during the financial year**	**At 31.12.2016**	**Exercise price**	**Exercise period**
	'000	**'000**	**'000**	**'000**		
Company						
2014 Option	351	–	(225)	126	$1.75	3.3.2015 - 2.3.2019

31. Other reserves

	Group		Company	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000
Capital reserves	3,029	3,029	–	–
Other reserves	(34,000)	–	(1,470)	(1,470)
Share options reserve	–	–	42	71
Currency translation reserve	92	(493)	–	–
	(30,879)	2,536	(1,428)	(1,399)

Capital reserves relate to notional interest imputed on interest-free loans from the shareholders and considered as contribution by shareholders. The fair value of interest-free loans from shareholders is estimated using a discounted cash flow model based on various assumption, including market rates of interest and expected repayment terms.

Other reserves – Group relate to the deemed distribution to the shareholders arising from the cash consideration paid amounting to $16,000,000 and consideration payable amounting to $18,000,000 as a result of the Reverse Acquisition. On 4 May 2017, $6.5 million was settled by issuing 24,375,000 top-up shares.

Other reserves – Company comprise share issues expenses arising from the issuance of ordinary shares, waiver of loan by the non-controlling interest and initial recognition and subsequent cancellation of a redemption liability in 2013 relating to an option to purchase the shares held by the non-controlling interest.

Share options reserve comprises the fair value of employee share options granted under ESOS.

Currently translation reserve comprises foreign exchange differences arising from the translation of the financial statement of Group entities whose functional currencies are different from that of the Group's presentation currency.

32. Non-controlling interest

	Group	
	30.6.2018	31.12.2016
	$'000	$'000
At 1 January	12,397	2,662
Share of results of subsidiaries	16,581	9,788
Share of currency translation reserve	427	(53)
At 30 June/31 December	29,405	12,397

33. Commitments

(a) Operating lease commitments – as lessee

The Group and the Company have entered into commercial leases for office rental. These leases have an average tenure of between 6 months and 2 years with no renewal option included in the contracts. The Group and the Company are restricted from subleasing the office to third parties.

Minimum lease payments recognised as an expense in profit or loss for the financial period ended 30 June 2018 amounted to $900,000 (2016: $471,000). Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		Company	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000
Not later than one year	284	592	272	572
Later than one year but not later than five years	–	576	–	–
	284	1,168	272	572

(b) Operating lease commitments – as lessor

The future minimum lease receivable under non-cancellable operating leases, in respect of the factory with varying terms and renewal rights contracted for at the financial reporting date but not recognised as receivables are as follows.

	Group		Company	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000
Not later than one year	125	–	125	271

(c) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	30.6.2018			31.12.2016		
Group	Future minimum lease payments	Interest	Principal	Future minimum lease payments	Interest	Principal
	$'000	$'000	$'000	$'000	$'000	$'000
Within one year	60	2	58	60	6	54
Between one and five years	17	–	17	106	4	102
	77	2	75	166	10	156

34. Related party transactions

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

(a) Sales and purchases of goods and services

	Group	
	30.6.2018 $'000	31.12.2016 $'000
Interest payable to a related party	725	7
Service fees from a related party	–	17
Operating lease expenses paid to a related party	–	(203)

(b) Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	30.6.2018 $'000	31.12.2016 $'000
Short-term employee benefits	1,675	679
Contributions to defined contribution plans	14	17
	1,689	696

35. Fair value of assets and liabilities

(a) Fair value hierarchy

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

– Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or, and

– Level 3 - Unobservable inputs for the asset or liability

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

Assets measured at fair value at end of the reporting period are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000
Group			
30.6.2018			
Financial assets at fair value through profits or loss			
- Trading securities	4	–	–
31.12.2016			
Financial assets at fair value through profits or loss			
- Trading securities	–	–	–

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

(a) Fair value hierarchy (cont'd)

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the financial reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

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

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonably of fair value.

The loans from non-controlling interests (non-current) have no fixed term of repayments. Accordingly, the fair value of loans are not determinable as the timing of the future cash flows arising from the loans cannot be estimated reliably.

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks, including the effects of credit risk, liquidity risk and interest rate risk arising from the normal course of the Group's and the Company's operations. The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group and the Company are cash and bank balances, trade receivables and other receivables and other current assets. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluations. The counterparty's payment profile and credit exposure are continuously monitored by management.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

<u>Financial assets that are neither past due nor impaired</u>

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions and no history of default.

<u>Financial assets that are past due but not impaired</u>

Information regarding financial assets that are past due but not impaired is disclosed in Note 18.

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

(a) Credit risk

Financial assets that are past due and/or impaired

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group		Company	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000
Gross amount	246	–	–	1,223
Less: Allowance for impairment	(102)	–	–	(1,223)
	144	–	–	–

	Group		Company	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000
At 1 January	–	–	1,223	–
Additional due to Reverse Acquisition (Note 13)	102	–	–	–
Impairment (reversed)/losses charged to profit or loss	–	–	(1,223)	1,223
At 30 June/31 December	102	–	–	1,223

The impaired trade receivables of the Group arose from long, outstanding amounts due from customers which remained unpaid as at the financial reporting date and accordingly there are significant uncertainties over the recovery of these amounts due from these customers. These receivables are not secured by any collateral or credit enhancement.

The impaired trade receivables of the Company arose from subsidiaries that have been suffering financial losses for the current financial period and previous financial year.

Other receivables

The carrying amount of other receivables due from the subsidiaries individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Company	
	30.6.2018	31.12.2016
	$'000	$'000
At 1 January	8,948	4,603
Impairment losses charge to profit or loss	–	4,274
Written off due to discontinued operations	(8,751)	–
Currency translation	–	71
At 30 June/31 December	197	8,948

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

(b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through and adequate amount of committed credit facilities and the ability to close out market positions at short notice.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve (comprises undrawn borrowing facilities and cash and bank balances (Note 20)) on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Group.

These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's and Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses the maturity profile of the Group's and Company's financial assets and liabilities based on contractual undiscounted cash flows.

	30.6.2018 $'000				31.12.2016 $'000			
Group	**One year or less**	**One to five years**	**Over five years**	**Total**	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:								
Trade receivables	38,194	59	–	38,253	5,559	–	–	5,559
Other receivables (excluding net GST receivables)	13,385	–	–	13,385	11,779	–	–	11,779
Financial assets at fair value through profit or loss	4	–	–	4	–	–	–	–
Fixed deposits pledged	501	–	–	501	–	–	–	–
Cash at bank	2,015	–	–	2,015	6,412	–	–	6,412
Total undiscounted financial assets	54,099	59	–	54,158	23,750	–	–	23,750
Financial liabilities:								
Trade payables	22,212	–	–	22,212	20,512	–	–	20,512
Other payables	26,319	–	–	26,319	14,986	–	–	14,986
Loans from non-controlling interest	–	15,205	–	15,205	–	13,227	–	13,227
Finance lease liabilities	60	17	–	77	60	106	–	166
Bank borrowings	28,122	27,848	–	55,970	4,331	36,988	–	41,319
Total undiscounted financial liabilities	76,713	43,070	–	119,783	39,889	50,321	–	90,210
Total net undiscounted financial liabilities	(22,614)	(43,011)	–	(65,625)	(16,139)	(50,321)	–	(66,460)

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

(b) Liquidity risk (cont'd)

	30.6.2018 $'000				31.12.2016 $'000			
Company	**One year or less**	**One to five years**	**Over five years**	**Total**	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial assets:								
Trade receivables	2,050	–	–	2,050	725	–	–	725
Other receivables and other current assets	194	–	–	194	3,537	–	–	3,537
Fixed deposits pledged	501			501	8,131	–	–	8,131
Cash at bank	119	–	–	119	2,343	–	–	2,343
Total undiscounted financial assets	2,864	–	–	2,864	14,736	–	–	14,736
Financial liabilities:								
Other payables	12,955	–	–	12,955	2,283	–	–	2,283
Total undiscounted financial liabilities	12,955	–	–	12,955	2,283	–	–	2,283
Total net undiscounted financial (liabilities)/assets	(10,091)	–	–	(10,091)	12,453	–	–	12,453

	Cash flow		
	Contractual cash flow $'000	**Less than 1 year $'000**	**1 to 5 years $'000**
Group			
Financial guarantees - As at			
30 June 2018	52,456	25,532	26,924
31 December 2016	41,319	4,331	36,988
Company			
Financial guarantees - As at			
30 June 2018	403	–	403
31 December 2016	253	–	253

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing advances from related parties. The Group's and the Company's financial assets and liabilities at floating rates are re-priced regularly with the financial institutions.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts and actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

<u>Sensitivity analysis for interest rate risk</u>

At the end of reporting period, if interest rates had been 25 (2016: 25) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $58,000 (2016: $66,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(d) Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's liability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Group and Company may adjust the amount of dividend payment return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

In the management of capital risk, management takes into consideration the net debt to equity ratio as well as the Group's and Company's working capital requirement. The net debt to equity ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less total provisions, current tax liabilities, deferred tax liabilities and cash and bank balances.

	Group		**Company**	
	30.6.2018	**31.12.2016**	**30.6.2018**	**31.12.2016**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	130,153	86,386	12,335	(8,191)
Total equity	22,711	18,005	159,568	12,456
Net debt to equity ratio	5.73	4.80	0.08	N.M

N.M - Not meaningful as cash and bank balances are in excess of total liabilities less total provisions and current tax liabilities.

The Group and the Company do not have any externally imposed capital requirements for the financial period ended 30 June 2018 and financial year ended 31 December 2016. There were no changes in the Group's and Company's approach to capital management during the financial period.

37. Segment Information

(a) Business Segment

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("EXCO") that are used to make strategic decisions. The EXCO comprises the executive directors and non-executive directors.

The EXCO considers the business from both a geographic and business segment perspective. Geographically, the Group's business activities are in Singapore, Malaysia and Thailand and derive revenue mainly from construction projects, sale of development properties and sale of goods respectively.

Other services including investment holding and trading activities; but these are not included within the reportable operating segments, as they are not included in the reports provided to the EXCO. The results of these operations are included in the "others" column.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the EXCO is measured in a manner consistent with that in the statement of comprehensive income.

(i) Segment assets

The amount provided to the EXCO with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the EXCO monitors the property, plant and equipment, inventories, receivables and operating cash attributable to each segment. All assets are allocated to reportable segments other than cash and bank balances of the Company.

(ii) Segment liabilities

The amounts provided to the EXCO with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities.

(iii) The Group's activities comprise the following reportable segments:

Property Division – includes property development and investment properties;

Aluminum Division – includes trading, project fabrication and contract manufacturing; and

Others – includes corporate office and investment holding activities and discontinued operations which are not directly attributable to a particular business segment above.

37. Segment information (cont'd)

(a) Business Segment (cont'd)

(iii) The Group's activities comprise the following reportable segments (cont'd):

	Property Division		Aluminium Division		Others		Elimination		Consolidated	
	30.6.2018	31.12.2016	30.6.2018	31.12.2016	30.6.2018	31.12.2016	30.6.2018	31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Turnover										
External sales	117,417	59,113	3,957	–	52	–	–	–	121,426	59,113
Inter-segment sales	–	–	–	–	822	–	(822)	–	–	–
Total turnover	117,417	59,113	3,957	–	874	–	(822)	–	121,426	59,113
Segment result	46,199	25,597	(344)	–	(5,644)	–	–	–	40,211	25,597
Finance costs									(2,003)	(1,505)
Share of result of joint ventures									(1,543)	(444)
Share of result of associates									(577)	(557)
Profit before income tax									36,088	23,091
Income tax expense									(11,075)	(5,774)
Profit after income tax									25,013	17,317
Segment assets	194,229	174,375	4,324	–	170,484	–	(169,872)	(43,533)	199,165	130,842
Add: unallocated assets									119	–
Total assets									199,284	130,842
Segment liabilities	118,461	138,825	3,498	–	13,879	–	(2,040)	(44,220)	133,798	94,605
Add: current tax liabilities									13,370	5,835
Total liabilities									147,168	100,440
Other information										
Addition to property, plant and equipment	124	208	68	–	–	–	–	–	192	208
Depreciation	380	310	69	–	–	–	–	–	449	310

37. Segment information (cont'd)

(b) Geographical segment

Geographically, management manages and monitors the business in two primary geographic areas: Singapore and Malaysia. The segment in Singapore derives revenue mainly from construction projects and the segment in Malaysia derives revenue mainly from property development. The segment in South Korea used to derive revenue mainly from trading activities which was categorised as a vehicle segment which has been disposed of in May 2017.

Sales are based on the country in which customers are located. Non-current assets are shown by the geographical areas where the assets are located.

	Revenue		Non-current assets	
	1.1.2017-30.6.2018	1.1.2016-31.12.2016	30.6.2018	31.12.2016
	$'000	$'000	$'000	$'000
Group				
Singapore	4,009	–	168	186
Malaysia	117,417	59,113	20	414
	121,426	59,113	188	600

No revenue was derived from external customers who accounted for at least 10% of the Group's revenue.

38. Comparability of financial information

During the financial period, the Company changed its financial period end date from 31 December to 30 June. Accordingly, the current period's financial statements cover an 18-month period from 1 January 2017 to 30 June 2018 whereas the comparative financials presented cover a 12-month period from 1 January 2016 to 31 December 2016. As such, these financial information may not be comparable.

39. Authorisation of financial statements for issue

The financial statements for the financial period ended 30 June 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 4 October 2018.

STATISTICS OF SHAREHOLDINGS

As at 24 September 2018

NO. OF ISSUE SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)	:	499,660,878
NUMBER/PERCENTAGE OF TREASURY SHARES AGAINST TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	2,675,400 (0.54%)
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS)	:	ONE VOTE PER SHARE
NUMBER OF SUBSIDIARY HOLDINGS	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	10,049	71.86	217,271	0.04
100 - 1,000	2,293	16.40	731,876	0.15
1,001 - 10,000	1,288	9.21	4,078,972	0.82
10,001 - 1,000,000	337	2.41	17,494,317	3.50
1,000,001 & ABOVE	17	0.12	477,138,442	95.49
TOTAL	13,984	100.00	499,660,878	100.00

TOP TWENTY SHAREHOLDERS AS AT 24 SEPTEMBER 2018

	NAME	NO. OF SHARES	%
1	CH BIOVEST PTE LIMITED	177,454,800	35.52
2	GLAXIER CITY LIMITED	105,035,550	21.02
3	DOUBLE BLESSING HOLDINGS LIMITED	64,535,550	12.92
4	UOB KAY HIAN PTE LTD	40,441,844	8.09
5	HO LEE GROUP PTE LTD	24,000,000	4.80
6	YAP CHOONG	22,106,700	4.43
7	KOH BROTHERS DEVELOPMENT PTE LTD	11,250,000	2.25
8	DAL-JON DONALD MOORE	8,222,700	1.65
9	MARQUE EQUITIES PTE. LTD.	8,164,500	1.63
10	YAO CHIH MATTHIAS	4,084,200	0.82
11	CHIU DENNIS	3,750,000	0.75
12	WU WEI SDN. BHD.	2,271,000	0.45
13	LOW CHEONG YEW	1,275,000	0.26
14	XU YONGSHENG	1,215,210	0.24
15	RAFFLES NOMINEES (PTE) LTD	1,204,140	0.24
16	TAN GUEK MING	1,069,800	0.21
17	LEE SOK WANG	1,057,448	0.21
18	TAN TAT WEE (CHEN DAWEI)	937,500	0.19
19	MAYBANK KIM ENG SECURITIES PTE LTD	899,179	0.18
20	TAN WANG CHEOW	600,000	0.12
		479,575,121	95.98

SUBSTANTIAL SHAREHOLDERS

		DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
1	CH Biovest Pte. Limited	177,454,800	35.52	–	–
2	Chuan Hup Holdings Limited	–	–	177,454,800[(a)]	35.52
3	3P Pte Ltd	–	–	177,454,800[(b)]	35.52
4	Qing Shan Pte Ltd	–	–	177,454,800[(b)]	35.52
5	TMF Trustees Singapore Limited	–	–	177,454,800[(b)]	35.52
6	Peh Kwee Chim	–	–	177,454,800[(c)]	35.52
7	Peh Siong Woon Terence	–	–	177,454,800[(d)]	35.52
8	Beamsbury Limited	–	–	177,454,800[(e)]	35.52
9	Glen Chan	–	–	169,571,100[(f)]	33.94
10	Glaxier City Limited	105,035,550	21.02	–	–
11	Global Century Ltd	–	–	105,035,550[(g)]	21.02
12	Fidelitycorp Limited	–	–	105,035,550[(g)]	21.02
13	Double Blessing Holdings Limited	64,535,550	12.92	–	–

(a) Chuan Hup Holdings Limited ("Chuan Hup") is the sole shareholder of CH Biovest Pte. Limited ("CH Biovest"). Accordingly, Chuan Hup is deemed to be interested in the shares of the Company held by CH Biovest.

(b) 3P Pte Ltd is the owner of 51.52% of the issued and paid up share capital of Chuan Hup. 3P Pte Ltd is a wholly-owned subsidiary of Qing Shan Pte Ltd, which is in turn entirely held by TMF Trustees Singapore Limited as trustee of a trust constituted by Peh Kwee Chim (the "Trust"). Therefore, 3P Pte Ltd, Qing Shan Pte Ltd and TMF Trustees Singapore Limited are each deemed to be interested in the shareholding interest of Chuan Hup in the Company, held by Chuan Hup through its wholly-owned subsidiary, CH Biovest.

(c) Peh Kwee Chim is a director of 3P Pte Ltd and is also the settlor of the Trust, and is therefore deemed to be interested in the shareholding interest of Chuan Hup in the Company, held through its wholly-owned subsidiary, CH Biovest.

(d) Peh Siong Woon Terence is a director of 3P Pte Ltd and is also the beneficiary of the Trust, and is therefore deemed to be interested in the shareholding interest of Chuan Hup in the Company, held through its wholly-owned subsidiary, CH Biovest.

(e) Beamsbury Limited, the nominee corporate director of TMF Trustees Singapore Limited and sole director of Qing Shan Pte Ltd, manages, controls the operations of and determines the policy with respect to Qing Shan Pte Ltd.

(f) Glen Chan owns 20.0% of the issued and paid-up share capital of Glaxier City Limited. Glen Chan is also the sole shareholder of Double Blessing Holdings Limited. Accordingly, Glen Chan is deemed to be interested in the Shares of the Company held by Glaxier City Limited and Double Blessing Holdings Limited.

(g) Global Century Ltd holds 80.0% of the issued and paid-up share capital of Glaxier City Limited. The entire issued and paid-up capital of Global Century Ltd is held by Fidelitycorp Limited as trustee of a discretionary trust. Therefore, Global Century and Fidelitycorp are deemed to be interested in the Shares of the Company held by Glaxier City Limited.

25.74% of the Company's issued paid-up capital is in the hands of the public. Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Tan Chin Tuan Function Room 1, Level 4, YMCA of Singapore, 1 Orchard Road, Singapore 238824 on Tuesday, 30 October 2018 at 10.00 a.m. to transact the following business: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial period from 1 January 2017 to 30 June 2018 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of $299,863 for the financial period ended 30 June 2018. **(Resolution 2)**

3. To re-elect Mr Yee Kee Shian, Leon who retires in accordance with Regulation 89 of the Company's Constitution and who, being eligible, offers himself for re-election. **(Resolution 3)**

   Mr Yee Kee Shian, Leon, an Independent Non-Executive Director of the Company, if re-elected, will remain as Chairman of the Board of Directors, Chairman of the Nominating Committee and of the Remuneration Committee, and a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

4. To re-elect Ms Heng Su-Ling Mae who retires in accordance with Regulation 88 of the Company's Constitution and who, being eligible, offers herself for re-election. **(Resolution 4)**

   Ms Heng Su-Ling Mae, an Independent Non-Executive Director of the Company, if re-elected, will remain as a Chairman of the Audit Committee, and a member of the Nominating Committee and of the Remuneration Committee. She will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

5. To re-elect Mr Teo Khee Hwee who retires in accordance with Regulation 88 of the Company's Constitution and who, being eligible, offers himself for re-election. **(Resolution 5)**

   Mr Teo Khee Hwee, if re-elected, will remain as a Non-Independent Non-Executive Director of the Company.

6. To re-appoint Messrs Ernst & Young LLP ("**EY**") as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions with or without modifications: -

8. **Authority to allot and issue shares**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to: **(Resolution 7)**

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

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding that 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

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(ii) any subsequent bonus issues, consolidation or subdivision of Shares;

(2) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for:

(i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

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

9. **Renewal of Share Buyback Mandate** **(Resolution 8)**

"THAT:-

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Maximum Limit, at such prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:–

(i) market purchase(s) (each an "On-Market Purchase") on the Singapore Exchange Securities Trading Limited (the "SGX-ST") and which may be transacted through one or more duly licensed stockbrokers appointed by the Company; and/or

(ii) off-market purchase(s) (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

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

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:–

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which the share buybacks are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the shareholders in a general meeting; and

(d) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he/she may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution."

Dated this 15 October 2018

BY ORDER OF THE BOARD

Liew Meng Ling
Company Secretary
Singapore

Notes:

1) A member of the Company entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead.

2) A proxy need not be a member of the Company.

3) Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4) A member who is a relevant intermediary entitled to attend the Meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, 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 proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) 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;

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

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

6) The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 72 hours before the time appointed for holding the Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

Explanatory Notes :-

Resolution 7: The proposed Resolution 7, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued shares excluding treasury shares of the Company at the time of passing this Resolution. For allotment and issue of shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

Resolution 8: The proposed Resolution 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the ordinary resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial period ended 30 June 2018 are set out in greater detail in the Circular to Shareholders attached.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PACIFIC STAR DEVELOPMENT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198203779D)

PROXY FORM

IMPORTANT NOTES

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Pacific Star Development Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 October 2018

*I/We ____ of

____

being *a member/members of Pacific Star Development Limited (the "Company"), hereby appoint:

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

*and/or

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

Or failing him/her, the Chairman of the Annual General Meeting ("AGM") of the Company as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM of the Company to be held at Tan Chin Tuan Function Room 1, Level 4, YMCA of Singapore, 1 Orchard Road, Singapore 238824 on Tuesday, 30 October 2018, at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Ordinary Resolutions	Number of Votes For (1)	Number of Votes Against (1)
	Ordinary Business		
1.	To receive and adopt the Audited Financial Statements of the Company for the financial period from 1 January 2017 to 30 June 2018 and the Directors' Statement and the Auditors' Report thereon.		
2.	To approve the Directors' fees for the financial period ended 30 June 2018.		
3.	To re-elect Mr Yee Kee Shian, Leon as director in accordance with Regulation 89 of the Company's Constitution.		
4.	To re-elect Ms Heng Su-Ling Mae as director in accordance with Regulation 88 of the Company's Constitution.		
5.	To re-elect Mr Teo Khee Hwee as director in accordance with Regulation 88 of the Company's Constitution.		
6.	To appoint Messrs Ernst & Young LLP as the independent auditors.		
	Special Business		
7.	To authorise Directors to allot and issue shares.		
8.	Renewal of Share Buyback Mandate.		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ________________ 2018

Total Number of Shares in:	No. of Shares
CDP Register	
Register of Members	

____

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

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:-

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or 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 attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with its Constitution and Section 179 of the Companies Act, Cap. 50 of Singapore.

5. A member who is a relevant intermediary entitled to attend the AGM and vote is entitled to appoint more than two proxies to attend and vote instead of the member, 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 proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) 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;

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

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   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 72 hours before the time set for the AGM.

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

10. PERSONAL DATA PRIVACY

    By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 October 2018. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 October 2018.

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AFFIX STAMP

PACIFIC STAR DEVELOPMENT LIMITED

Company's Share Registrar
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

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