HUPSteel

70 YEARS
1945 – 2015



CONSOLIDATING OUR STRENGTHS

ANNUAL REPORT 2015



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VISION

To Be The Preferred Global Total Solution Provider For Steel Products And Services

MISSION

HARNESS our Resources for Sustainable Growth and Profit
UNDERSTAND and provide value-added services to meet customer's needs
PURSUE Organization and People Excellence

VALUES

SERVICE

- We seek to provide quality service that "goes the extra mile" to all internal and external customers, suppliers and colleagues.
- We will do this by establishing a relationship based on mutual respect, trust and integrity.
- This will lead to service that is prompt, efficient, friendly, trustworthy and solutions-based.

TEAMWORK

- We will strive to achieve our shared vision by living our shared values and aligning ourselves towards our common goals.
- We will show respect for all individuals through mutual trust, open communication and motivation.
- We will be enthusiastic and supportive of each other as we strive to attain inter- dependence and co-operation.

ENTERPRISING

- We will seize challenging business opportunities that would put us ahead of our competitors.
- We will be proactive and innovative market leaders by taking the initiative to be different and not being afraid to break the status quo.
- We will be visionary in our outlook and persevering in our united efforts.

EXCELLENCE

- We will strive to be excellent and professional in our product knowledge and duties.
- We will take personal responsibility and accountability for our partners and customers to ensure quality products and reliable service to them.
- We believe in developing our people to their maximum potential so that they are enabled and equipped to provide total solutions.

LIFELONG LEARNING

- We will grow with the right heart, mind and skillsets to achieve personal and organizational success.
- We will equip through mentoring, coaching, training and development to create a culture of continuous learning and enthusiastic sharing of experiences.
- We believe in relevant and applied knowledge as the foundations to building leadership quality.

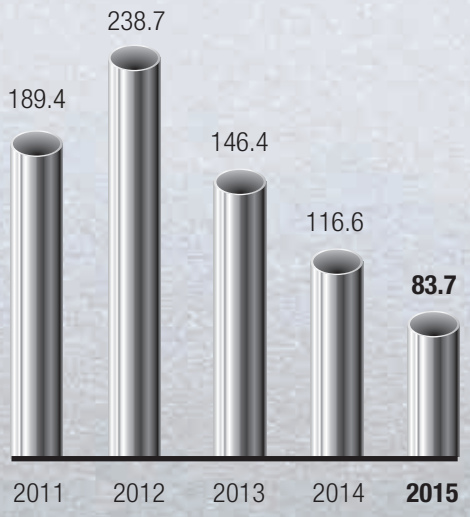

159 x 12M



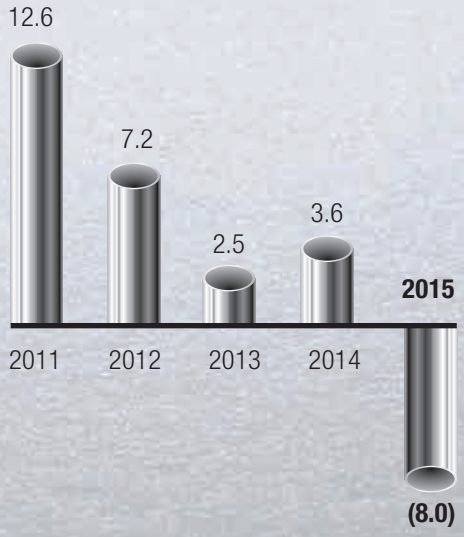
STRENGTHENING OUR COMMITMENT TO QUALITY

FINANCIAL HIGHLIGHTS

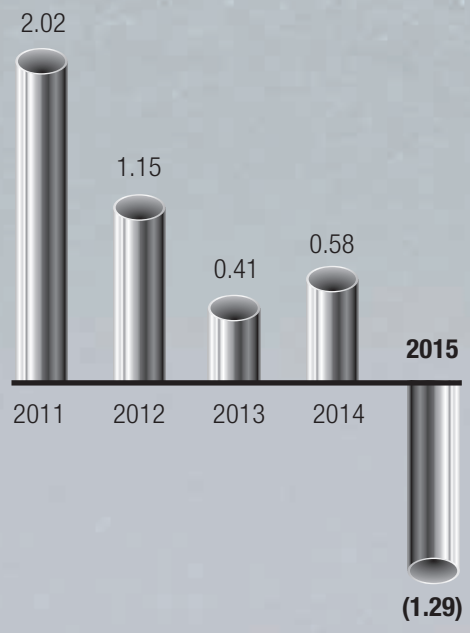
REVENUE ($'M)



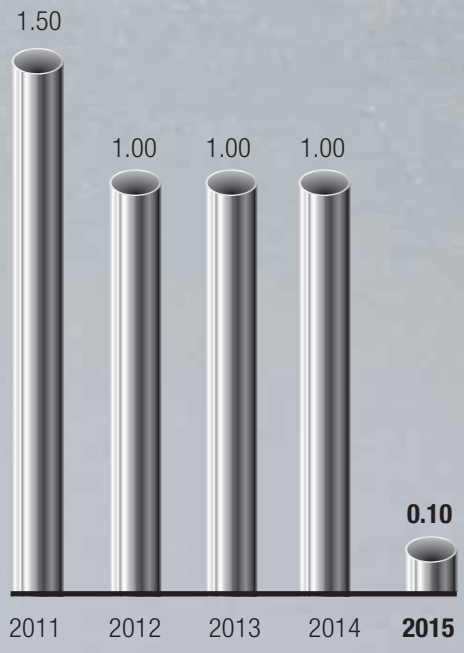
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS ($'M)



EARNINGS/(LOSSES) PER SHARE (CENTS)



GROSS DIVIDEND PER SHARE (CENTS)



FINANCIAL HIGHLIGHTS

TURNOVER BY GEOGRAPHICAL LOCATIONS

	FY2015 $'000	FY2014 $'000	FY2013 $'000	FY2012 $'000	FY2011 $'000
Singapore	57,898	70,310	75,414	140,425	136,301
Malaysia	11,379	16,394	20,641	30,260	23,814
Other South East Asia Countries	9,954	25,119	46,585	59,956	20,794
Other Countries	4,424	4,745	3,773	8,023	8,530
	83,655	116,568	146,413	238,664	189,439
Results of Operation					
Turnover	83,655	116,568	146,413	238,664	189,439
Net profit attributable to shareholders	(7,951)	3,551	2,538	7,172	12,580
Earnings per share (cents)	(1.29)	0.58	0.41	1.15	2.02
Net asset value per share (cents)	30.16	32.58	32.44	33.08	32.79
Gross dividend per share (cents)	0.10*	1.00	1.00	1.00	1.50

*: Tax exempt final dividend of 0.1 cent/share subject to approval by shareholders

	FY2015 $'000	FY2014 $'000	FY2013 $'000	FY2012 $'000	FY2011 $'000
Financial Position					
Property, plant and equipment	23,031	24,498	25,986	27,183	28,309
Other non-current assets	55,531	49,125	34,324	32,797	25,242
Non-current assets	78,562	73,623	60,310	59,980	53,551
Current assets	114,840	142,500	163,711	186,595	192,957
Current liabilities	6,892	14,236	22,149	39,975	40,296
Net current assets	107,948	128,264	141,562	146,620	152,661
Non-current liabilities	485	962	1,022	870	1,013
Net assets	186,025	200,925	200,850	205,730	205,199
Share capital	104,987	104,987	105,520	106,150	106,472
Other reserves	(1,646)	(864)	(1,007)	(425)	(333)
Retained profits	82,684	96,802	96,337	100,005	99,060
	186,025	200,925	200,850	205,730	205,199





STRENGTHENING OUR CORE VALUES AND PERFORMANCE

CHAIRMAN'S MESSAGE

THE GROUP HAS A STRONG BALANCE SHEET WITH A HIGH BALANCE OF CASH & CASH EQUIVALENT. THIS WILL HELP IT TO WEATHER THE ROUGH MARKET CONDITIONS.



DEAR SHAREHOLDERS,

THE YEAR IN REVIEW

The financial year ended 30 June 2015 ('FY15') was a challenging and tough year for Hupsteel Limited & its subsidiaries ('Hupsteel' or 'the Group'). Revenue for FY15 fell 28% to $83.7M from $116.6M reported for the previous financial year ended 30 June 2014. Eurozone debt problems and geopolitical conflicts had dampened global economic growth considerably during the year. Decline in oil prices, expectation of US rate hike and softening of regional economies were among the key factors that had affected the performance of many Singapore companies.

The decline in oil prices had particularly affected our customers from both the shipbuilding and the oil & gas sectors which traditionally consumed large quantities of Hupsteel's steel products. Demand for all categories of steel products was weak throughout FY15 and the Group had to constantly struggle against downward pressures on its selling prices. While it managed to prevent a significant decline in the gross profit margins of its products, the sluggish market conditions forced the Group to critically review its stock holdings and wrote down carrying value of affected stocks to net realizable value.

With local and regional economies suffering from slower growth, strengthening of the US dollar and external political situations, many businesses would expect to continue facing a difficult time ahead. As the prospect of a protracted period of anemic economy growth is expected, the Group took the decision to write off its goodwill balance which arose from the past acquisition of the structural steel business. This decision of writing off the goodwill was made after evaluating that the sum of discounted value of forecasted future cashflows could no longer support the book value of the related assets.

Construction work at 6 Kim Chuan Drive progressed smoothly during the year and the redeveloped 8 stories industrial building received its temporary occupation permit on 24 August 2015. This building is located near the Paya Lebar airbase which will be relocated to make way for future development. This will herald increase demand for business space in that area and our building will be in a good position to meet that need.

During the year, our Group CEO, Mr Lim Kim Thor, reached the stipulated retirement age under his service agreement. The Board of Directors was happy that Mr Lim agreed to extend his employment with the Group. As part of our succession planning, the Board appointed Deputy Managing Director, Mr Lim Boh Chuan, as Co-CEO of the Group together with Mr Lim Kim Thor.

CHAIRMAN'S MESSAGE





On 26 August 2015, the Group made further progress in its succession plan by promoting Mr Lim Boh Chuan to Managing Director and Mr Lim Beo Peng to Deputy Managing Director. This prepared the Group well for succession of its top management and strengthened the leadership for future growth.

During the year, the Group regularly sent its employees for skills and safety courses relevant to their areas of work. This will ensure that the workplace will be a safe place to work in and employees are equipped with the right skills sets. It also frequently made donations to various charitable organisations for their works rendered to the society at large. It hopes to enlarge the Group's footprint in this area and to encourage its employees to participate in voluntary activities and contribute selflessly to promote social awareness and well-being.

OUTLOOK

The new financial year ending 30 June 2016 will continue to be challenging and tough for the steel business. Oil prices are not likely to recover in the short term and the world is preparing for the first hike in US interest rates and the impact that comes with it. Local economy has been forecasted to grow much slower than it was earlier predicted.

With little signs of recovery in the shipbuilding, oil and gas sectors, the main aim is, firstly, to maintain revenue and defend margins in the new financial year amidst keen market competition. The Group will then devise marketing plans to seek out new end-users from existing and non-traditional customer bases.

Active marketing of our new industrial building at 6 Kim Chuan Drive has commenced. Although timing of the launch may be affected by the various property cooling measures, it will spare no effort to seek out quality tenants for the building.

Presently, the Group has a strong balance sheet with a high balance of cash & cash equivalent. This will help it to weather the rough market conditions and at the same time, provide the necessary resources to seek out business opportunities that can complement its revenue or add new revenue streams for strategic expansion. Market development and inorganic business expansion will be key action areas in the short to middle term in order to spur growth and transform the Group.

This year, in addition to renewing the share buyback mandate, the Group will be proposing to consolidate shares in the ratio of 5:1 for adoption at the coming Annual General Meeting. The share consolidation exercise is to meet the Singapore Stock Exchange new requirement for shares to have minimum trading price of $0.20. I look forward to your support in adopting these schemes.

DIVIDEND

The Directors are pleased to recommend a final tax exempt dividend of 0.1 cent per share for FY15 (FY14: 1.0 cent per share) which is subject to shareholders' approval at the coming AGM. This is to express our appreciation to our shareholders for their unwavering support given to the Group over the years.

ACKNOWLEDGEMENT

I am grateful to my fellow Directors for their support, valuable inputs and wise counsel and the Management and staff for their loyalty, dedication and contributions to the Group.

To our customers, suppliers and business associates, I would like to express our sincere appreciation for their continuing support.

Finally, I would like to specially thank our shareholders for your commitment, continued support and belief in the Group despite the challenges faced by the Group in the last year.

ONG KIAN MIN
Non-executive Chairman
17 September 2015

OPERATION REVIEW



GENERAL

Throughout the financial year that ended 30 June 2015, we witnessed the US economy growing gradually and its unemployment rates reduced. Although the US inflation rate had remained low, improving economic conditions in the US had given rise to a greater expectation of a possible US interest rate hike in 2015.

On the other hand, China, the world second largest economy, had been reporting slower growth and suffered from production overcapacity. Many steel mills were reported to have overstock of inventory. The Chinese government had even taken the surprise step of devaluing the Chinese yuan to stimulate exports as local consumption shown signs of weakening. The Chinese stock market was also hit by a series of sharp falls after reaching record highs recently. All of these signs are pointing to a weaker Chinese market in the near term.

European markets had not fully recovered from the sovereign debt crisis and only managed to work out a rescue package for the failing Greek economy lately. Other serious geopolitical conflicts in Middle East were also hurting the global economy. Economies nearer home were affected by the strengthening of the US dollar against their own currencies and in some countries, tense political situation created uncertainties for the local markets.

Towards the end of 2014, the world was facing an oversupply of oil and oil prices corrected rapidly downwards since. Global oil prices had remained weak since the beginning of 2015 leading to cutback in exploration and drilling activities. Although falling oil prices benefited end-users and helped to lower costs, production volume had not been able to pick up due to market weakness and ongoing political tensions.

Prices for iron ore had also remained soft for many quarters and there continued to be a surplus of supply in the market. The lower oil and iron ore prices helped to keep steel prices stable amidst a strengthening US dollar. However the sluggish markets could not absorb the quantities produced causing inventories to build up. In order to clear the built up in inventory, mills tried to approach end users directly thereby contributing to the already fierce competition in the market.

OPERATION REVIEW

($'000)

Financial year ended	Steel products trading*	General hardware	Property rental	Inter-companies' adjustments	Total
30-Jun-15	81,554	7,441	731	(5,340)	84,386
30-Jun-14	122,385	7,048	721	(12,865)	117,289

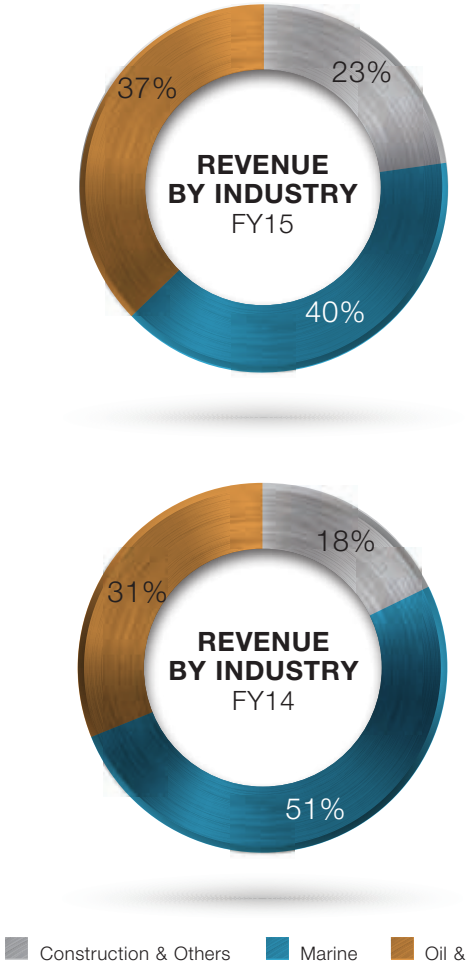
*Note *: include pipes, fittings and structural steel products*

Over the last year, regional and local shipyards received much fewer contracts for new vessels. There was poor demand for new vessels as the oil & gas industry had slowed down due to the oil glut and lower manufacturing output had led to reduced shipping traffic. Shipyards kept themselves busy by working on earlier orders secured.

PIPES, FITTINGS AND STRUCTURAL STEEL

Against the backdrop of these macro-economic and global developments, it was a challenging and tough year for the Group. Most of its product categories namely structural steel products, pipes and fittings were affected by the slowdown in activities of its customers. Market demand softened over each successive reporting quarters and competition became more intense. The decline in demand for structural steel products, particularly steel plates, was more pronounced during the year. Our subsidiary, Hoe Seng Huat Pte Ltd ('Hoe') which sells structural steel products is most affected by this market downturn.

Many of its shipyard, oil & gas customers bought progressively less over the quarters and some regional shipyards were further affected by the weakening of their local currencies. This led some customers to face difficulties in making payment or running into cashflow problems. As such, the Group had made provisions for doubtful debts of $1.9M against identified customers.



OPERATION REVIEW



With consecutive quarters of declining sale volume and dim outlook for the shipbuilding and oil & gas sectors, demand for structural steel products is not expected to improve for the near to middle term. The poorer forecasted demand would translate to weaker future streams of cash inflow. Management evaluated that the net present values of these future streams of cashflow could not support the book value of the assets of the business unit. The associated goodwill of $4.6M which arose when the business was acquired in the past was deemed to have been impaired as a result, hence the Group decided to write it off during this financial year.

As the demand for structural steel products, pipes and fittings dwindled, competition became more intensified which drove selling prices downward. The fall in selling prices precipitated an exercise to write down affected stocks to net realizable value. Together with identified obsolete items, the Group made a provision for inventory write-down of $3.3M for the financial year ended 30 June 2015.

GENERAL HARDWARE & PROPERTIES

The Group's General Hardware business however turned in a slightly better performance than last financial year. It contributed $7.4M in external sales to the total turnover and had remained profitable. Though small in size, the Group would be exploring ways to increase contribution from this business segment in the coming financial year.

Rental from properties served as another income stream to the Group and was fairly constant (see chart). The redevelopment of the site at 6 Kim Chuan Drive into a light industrial building went on smoothly during the financial year and it obtained its Temporary Occupation Permit on 24 August 2015. Marketing by appointed agent would soon begin although the weak property sentiment might affect the take up rate in the short term. Nevertheless, we would be looking forward to contribution to rental income from this property in the new financial year.

FINANCIAL REVIEW

The Group's revenue in FY15 declined about 28% to $83.7M from $116.6M as a result of further weakening of market demand for structural steel products, pipe and fitting products. Gross profits also fell to $11.2M from $18.7M due to stiff competition arising from weak demand environment and an inventory write-down of $3.3M.

Other operating income mainly comprised interest and rental income, remained stable at $1.3M (FY14: $1.2M) despite severe market fluctuations in the recent months. It would continue to monitor the composition of the available-for-sale financial assets to supplement its trading income. Majority of these assets were managed by professionals.

Other losses arose mainly due to the goodwill written off during the year. The amount of $4.6M represented the goodwill arising from the purchase of assets of the structural steel business.

OPERATION REVIEW





With lower sales and the Group reporting a net loss, it had reduced the provision of staff incentives for the year. This reduced our staff cost to $7.5M from $8.5M. With no major addition of fixed assets and construction still ongoing at 6 Kim Chuan Drive, depreciation for FY15 remained unchanged at $1.7M (FY14:$1.7M).

Although the Group reported lower turnover for FY15, other operating expenses increased to $8.0M from $6.8M mainly due to provision of doubtful debts of $1.9M. The weak market and poor outlook had taken a toll on some customers serving the shipbuilding, oil & gas sectors.

As the Group had begun to scale down its inventory purchases since the last financial year and paying as quickly as it could, it had kept financing expenses arising from the utilization of bank facilities down. The finance cost represented expenses incurred of $81K (FY14:$7K) because of exchange losses arising from bank facilities utilized for the purchases.

With the writing off goodwill of $4.6M and provision for doubtful debts of $1.9M and adjusting for tax benefits, the Group reported a net loss of $8.0M for the financial year ended 30 June 2015.

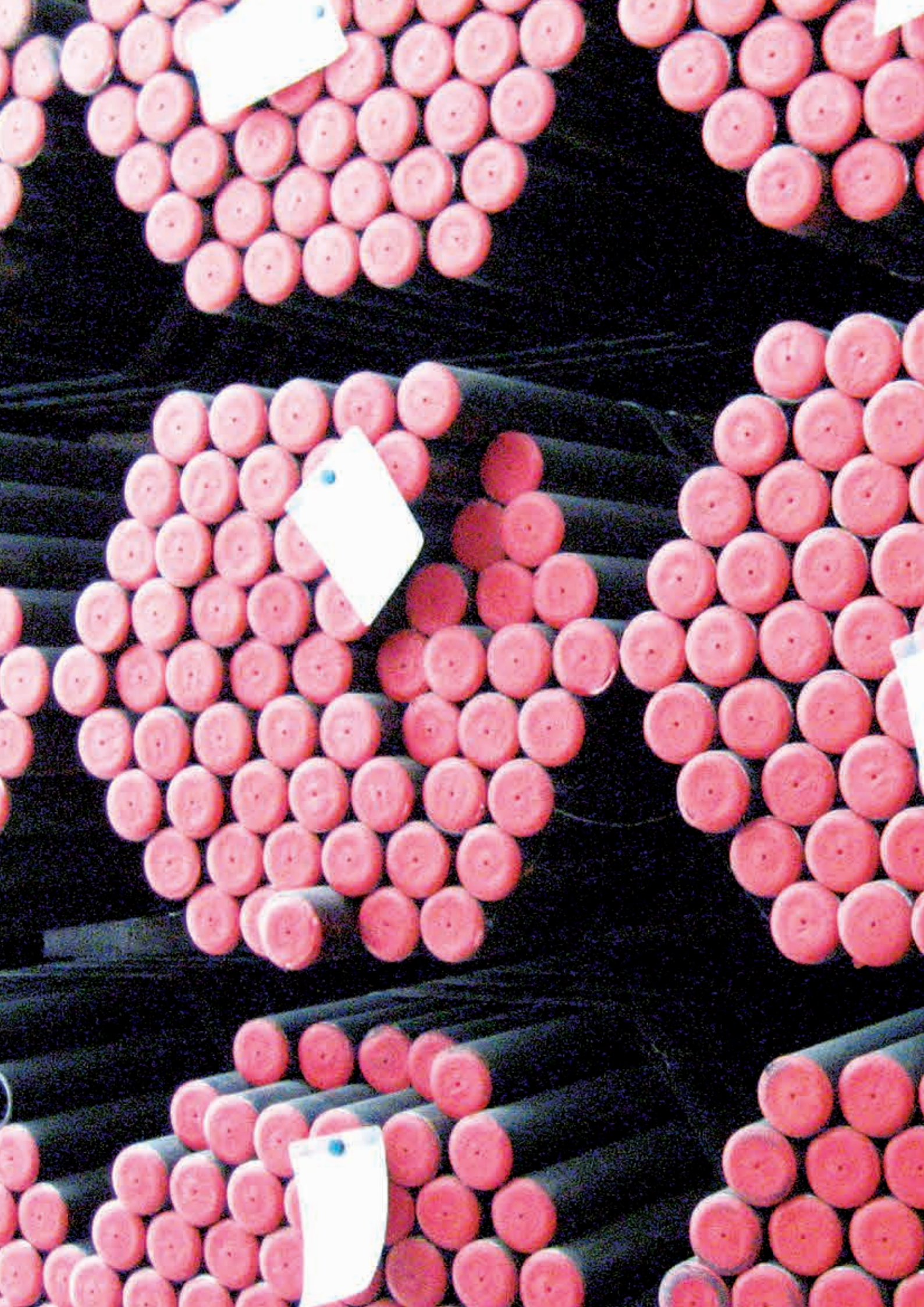
Despite reporting a net loss for the year, the Group's balance sheet remained healthy with a strong cash holding of $44.3M (FY14:$50.0M) and total current assets of $114.8M (FY14:$142.5M) exceeded its total current liabilities of $6.9M (FY14:$14.2M). The Group would continue to manage its inventory purchase programme to ensure its stock configuration would be suitable to market needs and not overly exposed to price fluctuations.

The strong balance sheet would enable the Group to weather out the poor market outlook while allowing it to seize opportunities that might arise within the steel business or beyond.

CORPORATE

The Group is proposing a final tax exempt dividend of 0.1 cent per share for the financial year ended 30 June 2015 subject to shareholders' approval at the coming AGM.

LIM KIM THOR
Co-Chief Executive Officer





STRENGTHENING OUR CAPABILITIES AND POSSIBILITIES

BOARD OF DIRECTORS



ONG KIAN MIN
Non-Executive Chairman

Mr Ong Kian Min, 55, was appointed as Non-Executive Chairman on 4 November 2010. He has been an Independent Director of the Company since 2003 and chairs the Nominating Committee. He is also a member of the Audit Committee and Remuneration Committee. Mr Ong graduated from Imperial College of Science and Technology in England with Bachelor of Science (Honours) and went on to obtain the Bachelor of Laws (Honours) external degree from the University of London. He was called to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In the course of his more than 20 years of legal practice, his main areas of practice have been corporate and commercial law, such as, corporate finance, mergers & acquisitions, restructuring and IPOs. In addition to practicing as a consultant with Drew & Napier LLC, a Singapore law firm, he is a senior adviser of Alpha Advisory Pte. Ltd. (a financial and corporate advisory firm). Mr Ong was awarded the President's Scholarship and Police Force Scholarship in 1979, and served as an elected Member of Parliament from January 1997 to April 2011.



LIM KIM THOR
Director

Mr Lim Kim Thor, 62, has been a Director of the Company since 1978 and was appointed as the Managing Director in 1983. He also held the appointment of Chief Executive Officer of the Company since 2004 and became the Co-CEO in March 2015. He is also a member of the Executive Committee. Mr Lim has over 35 years of experience in the industrial hardware and steel pipe business. He enjoys close and strategic relationships with leading global steel product manufacturers and suppliers as well as major customers in the marine engineering and oil and gas industries. Mr Lim is responsible for the execution of the Group's business strategy and business expansion.

Mr Lim has always been serving actively with the Singapore Metal and Machinery Association and he is the Vice President of its 42nd council (2014-2015).



LIM BOH CHUAN
Director

Mr Lim Boh Chuan, 57, has been a Director of the Company since 1983. Mr B C Lim was appointed as the Deputy Managing Director in 1994 and as a member of the Executive Committee since 1994. Mr B C Lim has over 30 years of experience in industrial hardware business. He was appointed as the Co-CEO in March 2015 and as Managing Director in August 2015. Mr Lim is responsible for the the general management of the Group in addition to taking care of the Group's business development, structural steel, property, general hardware businesses and corporate services of the Group. Mr Lim graduated with a Bachelor degree in Estate Management from the National University of Singapore. He is a member of the Singapore Institute of Directors since 1999. Mr Lim is the Patron of the Hwa Chong Junior College's Alumni Association. He is also the Vice Chairman of the Hwa Chong Institution Board of Governors. In 2003 and 2010, Mr Lim had the honour of receiving the "Service To Education Award" from the Ministry of Education.



LIM BEO PENG
Director

Mr Lim Beo Peng, 54, has been a Director of the Company since 1993 and is a member of the Executive Committee. He was appointed as Deputy Managing Director in August 2015 and will assist Mr Lim Boh Chuan in all of his duties. He assumed Executive functions in 2005 by being in charge of Corporate Service Division which provides the back room service and support to the Group. Mr Lim graduated with a Bachelor degree in Business Administration from the National University of Singapore. Mr Lim has over 30 years of experience in the industrial hardware business. Beside his business interest, Mr Lim is also represented in the 41st Honorary Committee (2012-2013) of the Singapore Metal & Machinery Association.

BOARD OF DIRECTORS



LIM ENG CHONG
Director

Mr Lim Eng Chong, 58, has been a Director of the Company since 1992 and is currently a member of the Nominating Committee and the Remuneration Committee. Mr Lim holds a Master in Business Administration (MBA) degree from McGill University. Mr Lim has more than 20 years of multinational experience in international business and strategic market development. He is currently a director and the President of Canadec Pte Ltd.



LIM PUAY KOON
Director

Dr Lim Puay Koon, 55, has been a Director of the Company since 1993 and is currently a member of the Audit Committee. Dr Lim holds a PhD in computer and systems engineering, and a Master in Business Administration (MBA) degree from Rensselaer Polytechnic Institute (USA). Dr Lim has more than 25 years of experience in the IT industry and has held various management and systems engineering positions in Hewlett-Packard, Dell Asia Pacific, the National Computer Board (now part of Infocomm Development Authority or IDA) and the New York State Office (USA). He is currently the Regional Director, North Asia, Dimension Data Asia Pacific Pte Ltd.



LIM CHEE SAN
Independent Director

Mr Lim Chee San, 55, was appointed as an Independent Director of the Company on 1st November 2006. He currently chairs the Remuneration Committee and is also a member of the Audit Committee and Nominating Committee. He has been an accountant, a banker and a lawyer at different times during the last 30 years. He has his own law firm, TanLim Partnership, now. Before he started his current law practice, he was the Head of Banking Operations in a large regional bank. He also has many years of experience as an auditor in large international accounting firms. He is a barrister-at-law, a chartered certified accountant, and a chartered information technology practitioner. He was among the top candidates in his accountancy and law examinations.



CHAN KAM LOON, PHILIP
Independent Director

Mr Chan Kam Loon, 55, was appointed as an Independent Director of the Company since 1st November 2006. Mr Chan was formerly the Head of Listings Function, Markets Group at the Singapore Exchange. He has a degree in accountancy from the London School of Economics and is a qualified Chartered Accountant with the Institute of Chartered Accountant in England and Wales. He articled with KPMG in London and practiced with Price Waterhouse in Singapore. Mr Chan has worked in the corporate finance business for some years and was a director of investments at a private equity fund. Mr Chan has served on the Singapore's Accounting Standards Committee, Singapore Zhejiang Business Council and also Singapore Shandong Business Council. He also serves as an independent director of several other SGX listed companies.

KEY MANAGEMENT

STEEL BUSINESS & BUSINESS DEVELOPMENT

JOE LIM KIM SAN

Mr Joe Lim Kim San, was appointed an Executive Director of Thong Seng Metal Pte Ltd ("Thong Seng"), a wholly owned subsidiary of the Company, since 1993. His main responsibility is to assist in the sales and business operations of Thong Seng. Joe holds a Master of Business Administration degree.

TEO BOON DAT

Mr Teo Boon Dat, is the Sales Manager of the Company. Mr Teo is mainly responsible for domestic sales supplying to various industries such as engineering, trading, shipbuilding and ship repair. Mr Teo also has sales account responsibility for certain customers in Malaysia and Hong Kong. Mr Teo has close to 28 years of sales experience in the industrial hardware business and he has been instrumental in procuring certain large order term contracts from one of the largest local ship building and ship repair companies. Mr Teo joined the Company as a Sales Executive in 1983 and was promoted to Sales Manager since 1994. Mr Teo holds a G.C.E. "A" Level Certificate.

CHAI CHO LIM

Mr Chai Cho Lim, is the Sales Manager of the Company. Mr Chai is mainly responsible for export sales to markets spanning the South and South East Asia, Middle East and Oceania regions. Mr Chai has more than 18 years of sales experience in the industrial hardware business serving key accounts and customers in the oil and gas industry. He is also currently involved in the procurement of seamless and welded pipes for the company. Mr Chai joined the Company as a Senior Sales Executive in 1995 and was promoted to Sales Manager in 2001. Mr Chai holds a Bachelor of Business Administration degree (major in Marketing) from the National University of Singapore.

PHILIP TEO LEONG SENG

Mr Philip Teo, is the Marketing Manager of the Company since 2004. He is responsible for the marketing, sales and procurement of stainless steel, carbon steel and low temperature products. His previous experiences included a 2 years' stint in Japan and also managing an Anglo-Swedish company responsible for the SEA region. Mr. Philip Teo holds a B.Eng. (Hons) Degree from the University of Glasgow.

JOSEPH LIM HAN LEONG

Mr. Joseph Lim is the Sales Manager of Hoe Seng Huat Pte Ltd and has nearly 20 years of frontline sales experience and exposure in the marine, engineering, construction, civil and offshore industries. He is currently the Head of Sales Department of Hoe Seng Huat Pte Ltd. In additional to his current job scope, he is also responsible for the sourcing, procurement and marketing of structural products for the company. Mr. Joseph Lim holds a Bachelor of Science degree from Indiana University in Bloomington, USA.

KEY MANAGEMENT

CORPORATE SERVICES

YAP CHUEN KONG

Mr Yap Chuen Kong, joined the Company in 2004 as the Group Financial Controller and was appointed as the Chief Financial Officer with effect from 1 May 2007. He is in charge of financial reporting, taxation, treasury, internal control systems and corporate advisory matters for the Group and the Company. He started his career with one of the Big Four public accounting firms and has since accumulated years of accounting and management experience from working in other public listed companies and private enterprises. Mr Yap graduated from Nanyang Technological University with a degree in Bachelor of Accountancy (Honours).

He had completed his ICSA examination and is a member of SAICSA.

PECK KIM GEE

Mr Peck Kim Gee, joined the Company as a Project Development Manager in 1995. His main responsibilities are assisting the Deputy Managing Director in project management, ISO, property related matters and the Group's property business. He is also the appointed Fire Safety Manager for the Group's warehouse. Prior to joining the Company, Mr Peck has several years of experience in public accounting. Mr Peck holds a Bachelor of Business Administration degree in Finance and a Master of Business Administration degree.

LUCY LAZAROUS-SIM

Ms Lucy Lazarous-Sim is the Human Resource Manager for the Company & its group of Companies since June 2005. Prior to joining the Group, she has more than 18 years of experience in the field of Admin & Human Resource, in various industries.

Ms Lazarous oversees the full spectrum of HR activities for the Group which includes policies formulation, recruitment, compensation & benefits management, performance management, training & development, industrial relations, succession planning, career management, employee communication and work life balance.

Ms Lazarous holds a Diploma in Business Administration (Human Resource Management). She is a Certified Human Resource Manager (CHRM) by HRSINGAPORE(r) and has attained the accreditation of Human Resource Professional (HRP) by Singapore Human Resources Institute (SHRi).

NG MEI CHOO

Ms Ng Mei Choo, joined the Company as Finance and Admin Manager of Pressure Products Sdn Bhd ('Pressure Products'), a wholly owned subsidiary of the Company incorporated in Malaysia, since 2001. Her main responsibilities is to assist the Managing Director in overseeing the Company's daily operation relating to financial reporting, taxation, secretarial, human resource and the day-to-day sales and marketing related matters. Ms Ng started her career with a Public Listed Company in Malaysia and has since accumulated years of corporate experiences. Ms Ng holds a Bachelor of Economics (Honours) degree and a Master in Accountancy from University of Malaya, Malaysia.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Ong Kian Min
Non-executive Chairman, Independent Director
Mr Lim Boh Chuan
Co-Chief Executive Officer & Managing Director
Mr Lim Kim Thor
Co-Chief Executive Officer & Managing Director
Mr Lim Beo Peng
Deputy Managing Director
Mr Lim Eng Chong
Non-executive Director
Dr Lim Puay Koon
Non-executive Director
Mr Chan Kam Loon, Philip
Independent, Non-executive Director
Mr Lim Chee San
Independent, Non-executive Director

EXECUTIVE COMMITTEE
Mr Lim Boh Chuan Chairman
Mr Lim Kim Thor
Mr Lim Beo Peng

AUDIT COMMITTEE
Mr Chan Kam Loon, Philip Chairman
Mr Ong Kian Min
Dr Lim Puay Koon
Mr Lim Chee San

NOMINATING COMMITTEE
Mr Ong Kian Min Chairman
Mr Lim Eng Chong
Mr Lim Chee San

REMUNERATION COMMITTEE
Mr Lim Chee San Chairman
Mr Lim Eng Chong
Mr Chan Kam Loon, Philip

COMPANY SECRETARY
Ms Low Geok Eng, Susie

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SHARE REGISTRAR
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AUDITOR
PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424
Tel : (65) 6236 3388

AUDIT PARTNER-IN-CHARGE
Mr Lee Kok Hooi
Date of appointment : 12 Nov 2012

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Group is committed to maintain a high standard of corporate governance by complying with the Code of Corporate Governance 2012. In areas where the Group deviates from the Code, the rationales are provided.

This Report describes the Company's corporate governance framework in place with reference to the Code.

BOARD MATTERS

Principle 1:
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholders' value and its primary functions are to establish the corporate and strategic policies of the Group, ensures effective management leadership, proper conduct of the Group's businesses and to monitor the Group's performance.

Matters which are specifically reserved for the Board include material acquisition and disposal proposals, major corporate or financial restructuring, strategic business initiatives i.e. board policies, strategies and financial objectives of the Company, major fund raising exercises, approving nominations of directors and appointment of key executives, approval for the release of quarterly and full year results, approval of annual audited accounts for the Group and the Directors' Report thereto, proposals of dividends and authorisation of material interested person transactions and other significant corporate actions.

Additionally, the Board delegates and entrusts certain of its functions and powers to Board Committees namely Executive Committee ("EC"), Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC").

The current EC comprises Mr Lim Boh Chuan (Chairman), Mr Lim Kim Thor and Mr Lim Beo Peng.

The EC is established principally to assist the Board in making decisions expeditiously and is mainly responsible for planning strategy, Group policy review, attending to urgent and important business or business of an unusual and extraordinary nature, and any other functions delegated by the Board.

The Board comprises members with strong business credentials, industry knowledge and from various professions such as information technology, finance, business and management and legal.

The Management regularly furnishes the Board with updates concerning the changes in legislation, regulations or accounting standards where they may be applicable and relevant in enabling the Board to carry out its duties and responsibilities properly. To facilitate the effective and efficient discharge of duties and responsibilities, the directors are provided with extensive information on the Group's business activities, strategic directions and policies with regular and timely updates whenever there are any new developments.

Newly appointed directors are given briefings by the Management on the Group's business activities, strategic directions, policies and the regulatory environment in which it operates, as well as their statutory and other duties and responsibilities of directors.

The Board meets at least four times a year to review key activities, business strategies and major investment decisions, financial performance and release of quarterly and year-end announcement. Additional meetings, where necessary, will be held to address significant issues that may arise. The attendance of the directors at Board and Board committees meetings is as follows:–

CORPORATE GOVERNANCE REPORT
continued

	Board Meeting		Audit Committee ('AC')		Remuneration Committee ('RC')		Nominating Committee ('NC')	
	Held	Attend	Held	Attend	Held	Attend	Held	Attend
Ong Kian Min	6	6	4	4	–	–	2	2
Lim Kim Thor	6	6	–	–	–	–	–	–
Lim Boh Chuan	6	6	–	–	–	–	–	–
Lim Eng Chong	6	6	–	–	2	2	2	2
Lim Puay Koon	6	6	4	4	–	–	–	–
Lim Beo Peng	6	6	–	–	–	–	–	–
Chan Kam Loon, Philip	6	6	4	4	2	2	–	–
Lim Chee San	6	6	4	4	2	2	2	2

Principle 2:
There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Principle 4:
There should be a formal and transparent process for the appointment and reappointment of directors to the Board.

Principle 5:
There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Currently, the Board of Directors comprises eight directors, three of whom are independent non-executive and two of whom are non-independent and non-executive. The NC and the Board are satisfied that the Independent Directors, particularly those who have served more than nine years, have remained independent. In particular, Mr Ong Kian Min who has been serving as an Independent Director since 2003 and appointed as the Group's Non Executive Chairman on 4th November 2010, is deemed to be independent as he performs no billable services other than those responsibilities and duties of an Independent Director.

The NC meets at least once every financial year and when necessary. It comprises three members, majority of the members are independent and non-executive, as follows:

Ong Kian Min	(Chairman-Independent non-executive)
Lim Chee San	(Independent non-executive)
Lim Eng Chong	(Non-independent and non-executive)

The NC has adopted its terms of reference that describes the responsibilities of its members. The NC is responsible for the selection of new directors, nomination, re-election and re-appointment of directors for recommendation to the Board or shareholders, as the case may be, for concurrence and approval. In doing so, NC gives consideration to the necessary skill, knowledge and experience of incoming directors and also the competing time commitments faced by incoming directors with multiple board representation. And contributions, past performance and commitment (e.g. attendance preparedness, participation and candour) by directors who have put themselves up for retirement at regular intervals as prescribed by the provisions of the Company's Articles of Association. NC will take guidance from the Company's Articles of Association on the re-election of directors and the Companies Act on the re-appointment of directors above the age of 70 years.

CORPORATE GOVERNANCE REPORT
continued

Article 88 of the Company's Articles of Association provides one third (or, if the number is not a multiple of three, the number nearest to but not greater than one third) of its board members for the time being to retire from office at each Annual General Meeting. Mr. Lim Beo Peng and Mr Chan Kam Loon, Philip will retire at the forthcoming Annual General Meeting and have offered themselves for re-election. All directors are required to submit themselves for re-election at regular intervals at least once every three years.

Periodically and to ensure relevance, NC will review the structure, size and composition of the Board. NC and the Board opined that the current size and current mix of experience and expertise of its Board members, as a group, provide core competences in areas such as accounting, finance, business and management and industrial knowledge necessary to the discharge of its duties and responsibilities. Also, there is a good balance of independent non-executive, executive and non-executive directors on the Board to enable an objective judgment of the corporate affairs of the Group by the board members. NC also reviewed and is satisfied that all Independent and Non-Executive Directors have and will continue to be able to spend sufficient time on the affairs of the Group.

Annually NC, together with participation from all directors, assesses the performance of the board as a whole and the contribution of each individual director to the effectiveness of the Board. In the process NC will also look at the performance, direction and vision of the Group including the continuity of stewardship.

Principle 3:
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Ong Kian Min is the Independent and Non-Executive Chairman of the Board of Directors. Mr Lim Kim Thor and Mr Lim Boh Chuan are the Co-Chief Executive Officers ("Co-CEOs").

The Chairman is responsible for board proceedings in the best interests of the Group. The Chairman ensures that the Board members work together with the Management and that the Board engages Management in constructive discussions on various matters, including strategic issues and business planning processes.

The Co-CEOs bear executive responsibilities for the Group's business. The Co-CEOs oversees the daily running of the Group's operations and is responsible for executing strategies and policies adopted by the Board.

Principle 6:
In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board has separate and independent access to the Management. Requests for information from the Board are dealt with promptly. The Board is informed of all material events and transactions as and when they occur.

The Company Secretary and/or her nominee attend all board meetings and assist the Chairman in ensuring that board procedures are followed.

The Board may also seek independent professional advice concerning the Group's affairs at the expense of the Company.

CORPORATE GOVERNANCE REPORT
continued

REMUNERATION MATTERS

Principle 7:
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8:
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9:
Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC, which meets at least once every financial year and when necessary, comprises three directors, of whom two are independent non-executive and one non-executive, as follows:–.

Lim Chee San (Chairman, Independent non-executive director)
Lim Eng Chong (Non-independent and non-executive)
Chan Kam Loon, Philip (Independent non-executive director)

The RC carries out their duties in accordance with the written Terms of Reference. The primary objective of the RC is to make recommendations to the Board on the Group's framework of remuneration for directors and key executives and to determine specific remuneration packages for all the executive directors. The RC is chaired by an independent non-executive director and the committee has access to expert advice inside and outside the Company for knowledge on executive compensation.

The RC's recommendations are made in consultation with the Chairman of the Board and are submitted for endorsement by the entire Board. The RC takes into account the pay and employment conditions within the industry and in comparable companies, as well as the Company's relative performance and the performance of the individual directors when setting remuneration packages so as to attract, retain and motivate the directors needed to run the Company successfully. All aspects of the remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, profit sharing incentives, and benefits in kind are covered in the review by the RC. A proportion of the executive directors' remuneration is linked to performance.

Remuneration Report

Name of director	Base Salary (%)	Variable Payments (%)	Other Benefits (%)	Fees (%)	Total (%)
$250,001 – $500,000					
Lim Kim Thor	78	–	20	2	100
Lim Boh Chuan	76	–	22	2	100
Lim Beo Peng	72	–	25	3	100
Below $250,000					
Lim Eng Chong	–	–	–	100	100
Lim Puay Koon	–	–	–	100	100
Ong Kian Min	–	–	–	100	100
Chan Kam Loon, Philip	–	–	–	100	100
Lim Chee San	–	–	–	100	100

CORPORATE GOVERNANCE REPORT
continued

The Group adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Group and of the individual staff. Staff appraisals are conducted annually.

The Board is of the view that full disclosure of the remuneration of Directors and key management staff who are not directors will be detrimental to the Group's interest because of the very competitive nature of the industry the Group operates in. All key executives of the Group as disclosed in the Annual Report earned remuneration of less than $250,000 each for the financial year ended 30 June 2015. The total remuneration paid to top 5 employees who are key management personnel for the financial year ended 30 June 2015 was $620,727.

The breakdown of the key 5 executives is as follow (each earning below $250k)

Name (in alphabetical order)	Fixed (%)	Variable (%)	Total (%)
Chai Cho Lim	88	12	100
Lim Han Leong, Joseph	89	11	100
Teo Boon Tat	84	16	100
Teo Leong Seng	88	12	100
Yap Chuen Kong	85	15	100

During the year, employees in the Group, being an immediate family member of a director, whose remuneration exceeded S$50,000 were:

Name of employees

Related to Co-CEO who received $100,000 to $150,000
Joe Lim Kim San – Brother of Mr Lim Kim Thor

Related to Co-CEO who received $50,000 to $100,000
Lim Boh Wee – Son of Mr Lim Kim Thor

Related to a Director who received $100,000 to $150,000
Joseph Lim Han Leong – Brother of Mr Lim Beo Peng

Related to a Director who received $50,000 to $100,000
Andrina Lim – Sister of Mr Lim Beo Peng
Steven Lim – Brother of Mr Lim Beo Peng

ACCOUNTABILITY AND AUDIT

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

The Board accounts to the shareholders through providing timely information relating to the financial and operations of the Group as well as any issues faced by the Group regularly and through announcements released to the SGX-ST.

Principle 11:
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

CORPORATE GOVERNANCE REPORT
continued

Principle 12:
The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises four directors of whom three are independent non-executive and one non-independent and non-executive. All members have accounting or financial management expertise.

The composition of AC is as follows:–

Chan Kam Loon, Philip (Chairman, Independent non-executive director)
Ong Kian Min (Independent non-executive director)
Lim Puay Koon (Non-independent and non-executive director)
Lim Chee San (Independent non-executive director)

Details of the functions and responsibilities of the AC are found in the Directors' Report.

The AC has full access to and co-operation from Management and meets external and internal auditors without the presence of Company's Management.

The Board appointed PricewaterhouseCoopers LLP as the external auditors for the Company and its Singapore-incorporated subsidiaries, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number of and experience of supervisory and professional staff assigned to the particular audit. The auditing firm is registered with the Accounting and Corporate Regulatory Authority.

The Company has complied with Rules 712 and 715 of the Listing Manual in relation to its external auditors.

With the assistance of the external and internal auditors, AC conducts annual review of all material internal controls. The AC is satisfied that the Company's material internal controls are adequate.

The Auditors have affirmed their independence. The fees paid for audit services were $130,000 and AC confirmed that there was no non-audit service performed by the external auditors during the financial year.

The AC has met the external auditors without the presence of the management during the financial year.

The Company has put in place a whistle-blowing framework where staff of the Group has access to the AC Chairman to raise concerns about improprieties. Contact details of the AC Chairman are made available to all staff. There was no complaint received up to the date of this report.

The Board had received assurance from the Co-CEOs & CFO that the financial records have been properly maintained and the financial statements give a true & fair view of the Company's operations and finances; and the Company's risk management and internal control systems are operating effectively.

The Board is satisfied that internal controls, including financial, operational, compliance and information technology controls and risk management systems were adequate and effective in the financial year under review.

CORPORATE GOVERNANCE REPORT
continued

Principle 13:
The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group has outsourced the internal audit functions to Messrs Shinnes Consulting And Advisory Pte. Ltd. The internal auditors undertake the following functions and responsibilities in line with the Standards for the Professional Practice of Internal Auditing:

- review the effectiveness of the Company's material internal controls;
- provide assurance that key business and operational risks are identified and managed;
- ensure internal controls are in place and functioning as intended; and
- ensure operations are conducted in an effective and efficient manner.

The Internal Auditors report directly to the Chairman of the AC and make recommendations on their findings.

The Group's external auditors, PricewaterhouseCoopers LLP, also contribute an independent perspective on the internal control systems arising from their audit and annually report their findings to the AC.

The Board of Directors and the AC have reviewed the adequacy of the Group's internal controls, including financial, operational and compliance controls. Based on work done by the auditors and reviews performed by the management throughout the financial year ended 30 June 2015, the Board, with the concurrence of the AC, is of the opinion that the systems of internal controls in place are adequate to address the information technology controls, financial, operational and compliance risks and also provide reasonable assurance of the effectiveness of the Group in safeguarding its assets and shareholders' value.

COMMUNICATION WITH SHAREHOLDERS

Principle 14:
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Board strives to ensure that all material information is disclosed to the shareholders in an adequate and timely basis. The Board informs and communicates with shareholders through annual reports, announcements released through SGX-ST and advertisement of notice of General Meetings.

Principle 15:
Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Chairmen of the EC, AC, NC and RC, or members of the respective committees standing in for them, as well as external auditors will be present and available to address questions at General Meetings.

Principle 16:
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and be kept informed on the Group's strategy and goals. AGMs are the principal forum for dialogue with shareholders. The Company welcomes questions from shareholders who have the opportunity to raise issues and ask questions about the Company either formally or informally. The Articles allow a shareholder to appoint one or two proxies to attend and vote at general meetings in the shareholder's stead. The Company ensures that there are separate resolutions at general meetings on each distinct issue.

CORPORATE GOVERNANCE REPORT
continued

SECURITIES TRANSACTIONS

An internal code, which complies with Rule 1207(19) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and staff. The Company's Directors and staffs are not allowed to deal in the Company's shares within two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Directors and staff are advised and are not expected to deal in the Company's securities on considerations of a short term nature.

Directors of the Company are required to report all dealings to the Company Secretary within two working days and appropriate announcement will be made via the SGXNet.

INTERESTED PERSON TRANSACTIONS

The Company monitors all its interested person transactions closely and all interested person transactions are subject to review by the AC. There was no interested person transaction for the financial year ended 30 June 2015.

RISK MANAGEMENT

The Group regularly reviews and improves its business and operational activities to identify areas of significant business risk as well as take appropriate measures to control and mitigate these risks. The Group has appointed Shinnes Consulting And Advisory Pte. Ltd. ("Shinnes") to conduct an Enterprise Risk audit. Shinnes reviewed all significant control policies and procedures and highlighted all significant matters to the AC and the Board.

The financial risk management objectives and policies are outlined below.

Fluctuation in industrial hardware product prices

As a stockist, the Group has to stock a wide range of steel pipes and other accessories to cater to the needs of its customers. The Group currently sources its pipes and fittings from global steel hardware manufacturers. Prices of these steel products are subject to international price fluctuations. Any significant fluctuation in the price of steel will affect the Group's cost of purchase and bottom line.

The Group, with more than 60 years of knowledge and expertise gained in this line of business, is able to make appropriate adjustments to its supplier choice, timing of purchase and shipment, contracting arrangement with its customers, and hedging policies to address price fluctuation risk.

Risks of political instability or economic downturn in the countries to which the Group exports

In FY2015, exports accounted for 31% of the Group's revenue as compared to 40% in FY2014. The major countries to which the Group currently exports to are mainly Asian countries such as Malaysia, Thailand and Indonesia. As such, any political instability or economic downturn in these countries will adversely affect the sales and hence profitability of the Group.

The Group recognised the importance of market diversification and its ongoing strategy is to entrench its current market position in ASEAN markets and to further expand beyond its existing geographical coverage.

CORPORATE GOVERNANCE REPORT
continued

Exposure to credit risks

The Group is exposed to credit risks of its customers. From time to time, in the ordinary course of business, certain customers may default on their payment. Such events may arise due to the inherent risk from its customers' business, risk pertaining to the political, economic, social and legal environment of its customers' jurisdiction and foreign exchange risk. However, the Group regularly reviews its exposure by way of monthly management reports, market feedbacks, performing checks on customers' financial status and executes necessary payment recovery measures to minimise its credit risks.

The Group performs credit check and approval before granting credit to customers and all credit accounts are subject to regular review. The Group imposes a credit limit and a credit term on each customer. Significant credit exceptions are brought to the attention of the Executive Directors.

In addition, the Group is not dependant on any single customer or any single country. The Group has more than 1,000 customers based in more than 15 countries. Hence, the Group is not exposed to significant credit risk posed by any single customer.

Foreign exchange exposure

The purchases of the Group are mainly denominated in US$ and its sales are mainly denominated in S$. The Group is exposed to fluctuations in foreign exchange rates particularly as its sales and purchases are denominated in different currencies. For FY2015, approximately 85% of its total purchases were made in US$, whilst approximately 91% of its total sales were denominated in S$, 4% in US$ and 5% in Malaysia Ringgit ("MR"). Hence, the Group may be exposed to any significant fluctuation of the US$.

The Group monitors the US$ exchange rates closely and will enter into forward contracts on a case-by-case basis to reduce its exposure. The Group also holds some US$ deposits from customer collections as a form of natural hedge.

DIRECTORS' REPORT

For the financial year ended 30 June 2015

The directors present their report to the shareholders together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the balance sheet of the Company as at 30 June 2015.

DIRECTORS

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

Mr Lim Kim Thor
Mr Lim Boh Chuan
Mr Lim Beo Peng
Mr Lim Eng Chong
Dr Lim Puay Koon
Mr Ong Kian Min
Mr Chan Kam Loon, Philip
Mr Lim Chee San

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 30.06.2015	At 01.07.2014	At 30.06.2015	At 01.07.2014
Company (No. of ordinary shares)				
Lim Kim Thor	34,404,900	34,404,900	93,195,000	93,195,000
Lim Boh Chuan	36,200,250	36,200,250	93,015,000	93,015,000
Lim Eng Chong	22,602,150	22,602,150	93,015,000	93,015,000
Lim Puay Koon	36,202,500	36,202,500	93,015,000	93,015,000
Lim Beo Peng	13,403,550	13,403,550	–	–

(b) According to the register of directors' shareholdings, all directors, except Mr Ong Kian Min, Mr Chan Kam Loon, Philip and Mr Lim Chee San, are deemed to have interests in all the ordinary shares of the wholly-owned subsidiaries held by the Group at the beginning and end of the financial year.

(c) The directors' interests in the ordinary shares of the Company and of related corporations as at 21 July 2015 were the same as at 30 June 2015.

DIRECTORS' REPORT
For the financial year ended 30 June 2015
continued

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors have employment relationships with the Company, and have received remuneration in those capacities.

SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Mr Chan Kam Loon, Philip	–	Independent (Chairman)
Dr Lim Puay Koon	–	Non-Executive
Mr Ong Kian Min	–	Independent
Mr Lim Chee San	–	Independent

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing these functions, the Committee:

(i) reviewed with the external auditors, their audit plan and audit report;

(ii) reviewed any matters which the external auditors wish to discuss, without the presence of management;

(iii) reviewed with the internal auditors, their audit plan, evaluation of the internal accounting controls, audit report and any matters which the internal auditors wish to discuss;

(iv) reviewed the balance sheet of the Company and the consolidated financial statements of the Group in the quarterly announcements and annual report;

(v) made recommendations to the Board on the appointment of the external and internal auditors and on their remunerations; and

(vi) reviewed the Interested Person Transactions as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") as is required by SGX-ST and ensured that the transactions were on normal commercial terms and not prejudicial to the interests of the shareholders of the Company.

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

DIRECTORS' REPORT
For the financial year ended 30 June 2015
continued

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Lim Kim Thor
Director

Lim Boh Chuan
Director

25 September 2015

STATEMENT BY DIRECTORS

For the financial year ended 30 June 2015

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 35 to 82 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2015 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Lim Kim Thor
Director

Lim Boh Chuan
Director

25 September 2015

INDEPENDENT AUDITOR'S REPORT

To The Shareholders Of Hupsteel Limited

Report on the Financial Statements

We have audited the accompanying financial statements of HUPSteel Limited (the "Company") and its subsidiary corporations (the "Group") set out on pages 35 to 82, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 25 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	4	83,655	116,568
Other income	5	2,149	2,123
Other (losses)/gains – net	6	(4,559)	242
Expenses			
– Purchases of inventories		(63,214)	(87,284)
– Changes in inventories		(9,241)	(10,580)
– Employee compensation	7	(7,519)	(8,462)
– Depreciation	19,20	(1,665)	(1,690)
– Finance	8	(81)	(7)
– Other	9	(7,981)	(6,754)
Total expenses		(89,701)	(114,777)
(Loss)/profit before income tax		(8,456)	4,156
Income tax credit/(expense)	10	505	(605)
Total (loss)/profit		(7,951)	3,551
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	29(b)	(311)	(145)
Available-for-sale financial assets			
– Fair value gains/(losses)	29(b)	31	586
– Reclassification	29(b)	(502)	(298)
Other comprehensive (loss)/income, net of tax		(782)	143
Total comprehensive (loss)/income		(8,733)	3,694
(Loss)/profit attributable to equity holders of the Company		(7,951)	3,551
Total comprehensive (loss)/income attributable to equity holders of the Company		(8,733)	3,694
Losses/earnings per share for (loss)/profit attributable to equity holders of the Company (cents per share)	11		
– Basic		(1.29)	0.58
– Diluted		(1.29)	0.58

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

BALANCE SHEET – GROUP

As at 30 June 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	44,279	50,029
Trade and other receivables	13	25,314	38,059
Inventories	14	45,026	54,267
Other current assets	15	188	145
Tax recoverable	10	33	–
		114,840	142,500
Non-current assets			
Other receivables	13	32	–
Available-for-sale financial assets	16	20,677	18,804
Investment in club membership		43	43
Investment properties	19	34,130	25,542
Property, plant and equipment	20	23,031	24,498
Goodwill	21	–	4,630
Deferred income tax assets	22	649	106
		78,562	73,623
Total assets		193,402	216,123
LIABILITIES			
Current liabilities			
Trade and other payables	23	6,479	12,548
Current income tax liabilities	10	5	840
Borrowings	25	408	848
		6,892	14,236
Non-current liability			
Provision for directors' retirement gratuity	26	485	962
Total liabilities		7,377	15,198
NET ASSETS		186,025	200,925
EQUITY			
Share capital	28	107,485	107,485
Treasury shares	28	(2,498)	(2,498)
Other reserves	29	(1,646)	(864)
Retained profits		82,684	96,802
Total equity		186,025	200,925

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

BALANCE SHEET – COMPANY

As at 30 June 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	12	8,467	16,937
Trade and other receivables	13	16,297	17,043
Inventories	14	22,286	25,603
Other current assets	15	90	69
Tax recoverable	10	30	–
		47,170	59,652
Non-current assets			
Other receivables	13	32	–
Available-for-sale financial assets	16	20,677	18,804
Investment in subsidiaries	17	9,457	9,457
Loan to a subsidiary	18	28,829	36,303
Investment properties	19	27,127	18,448
Property, plant and equipment	20	170	170
Deferred income tax assets	22	356	218
		86,648	83,400
Total assets		133,818	143,052
LIABILITIES			
Current liabilities			
Trade and other payables	23	4,187	6,293
Current income tax liabilities	10	–	480
Borrowings	25	408	848
		4,595	7,621
Non-current liability			
Provision for directors' retirement gratuity	26	485	962
Total liabilities		5,080	8,583
NET ASSETS		128,738	134,469
EQUITY			
Share capital	28	107,485	107,485
Treasury shares	28	(2,498)	(2,498)
Other reserves	29	1,562	2,033
Retained profits		22,189	27,449
Total equity		128,738	134,469

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year 30 June 2015

	Note	Attributable to equity holders of the Company						
		Share capital $'000	Treasury shares $'000	Other reserves $'000	Currency translation reserves $'000	Fair value reserves $'000	Retained profits $'000	Total equity $'000
2015								
Beginning of financial year		107,485	(2,498)	(477)	(990)	603	96,802	200,925
Dividends paid	27	–	–	–	–	–	(6,167)	(6,167)
Total comprehensive loss		–	–	–	(311)	(471)	(7,951)	(8,733)
End of financial year		**107,485**	**(2,498)**	**(477)**	**(1,301)**	**132**	**82,684**	**186,025**
2014								
Beginning of financial year		107,485	(1,965)	(477)	(845)	315	96,337	200,850
Purchase of treasury shares	28	–	(533)	–	–	–	–	(533)
Dividends paid	27	–	–	–	–	–	(3,086)	(3,086)
Total comprehensive income		–	–	–	(145)	288	3,551	3,694
End of financial year		**107,485**	**(2,498)**	**(477)**	**(990)**	**603**	**96,802**	**200,925**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Total (loss)/profit		(7,951)	3,551
Adjustments for:			
– Income tax (credit)/expense		(505)	605
– Impairment of goodwill		4,630	–
Property, plant and equipment and investment properties			
– Depreciation		1,665	1,690
– Net (gain)/loss on disposal		(2)	4
Available-for-sale financial assets			
– Reclassification from other comprehensive income on Disposal		(502)	(298)
– Interest income		(1,142)	(1,082)
– Interest expense		3	23
– Unrealised currency translation gains		(445)	–
– Dividend income		(138)	(83)
		(4,387)	4,410
Change in working capital			
– Inventories		9,241	10,580
– Trade and other receivables		12,661	12,151
– Derivative financial instruments		–	3
– Other current assets		(43)	8
– Trade and other payables		(6,722)	(2,436)
– Provision for directors' retirement gratuity		(477)	46
Cash provided by operations		10,273	24,762
Income tax paid		(911)	(362)
Interest received		1,194	1,033
Net cash provided by operating activities		10,556	25,433
Cash flows from investing activities			
Property, plant and equipment			
– Purchases		(199)	(299)
– Proceeds from disposal		2	146
Additions to investment properties		(8,038)	(12,077)
Available-for-sale financial assets			
– Purchases		(5,204)	(7,920)
– Proceeds from disposal		3,807	5,786
Dividends received		138	83
Net cash used in investing activities		(9,494)	(14,281)
Cash flows from financing activities			
Purchase of treasury shares		–	(533)
Proceeds from trust receipts		11,372	25,214
Repayment of trust receipts		(11,812)	(28,045)
Dividends paid to shareholders		(6,167)	(6,182)
Interest paid		(3)	(23)
Net cash used in financing activities		(6,610)	(9,569)
Net (decrease)/increase in cash and cash equivalents		(5,548)	1,583
Cash and cash equivalents at beginning of the financial year	12	50,029	48,547
Effects of currency translation on cash and cash equivalents		(202)	(101)
Cash and cash equivalents at end of the financial year	12	44,279	50,029

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Hupsteel Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Its principal place of business is 116 Neythal Road, Singapore 628603.

The principal activities of the Company consist of trading in industrial steel products and investment holding.

The principal activities of its subsidiaries are set out in Note 17 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 July 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods – industrial steel and general hardware products

Revenue from these sales is recognised when a Group entity has delivered the products to the customers in accordance with the contractual terms and the customers have accepted the products in accordance with the sales contract. For sales on bill and hold arrangements, revenue is recognised upon delivery.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Revenue recognition (Continued)

(b) Rendering of services – Racking services

Revenue from services is recognised over the period in which the services are rendered.

(c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Interest income

Interest income, including income from other financial instruments is recognised using the effective interest method.

2.3 Group accounting

Subsidiaries

(i) Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns with its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Group accounting (Continued)

Subsidiaries (Continued)

(ii) Acquisitions (Continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries/loan to subsidiary" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.6 on borrowing costs).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment (Continued)

(b) Depreciation

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

	Useful lives
Leasehold land and buildings	25 to 50 years
Motor vehicles	4 to 10 years
Furniture, fittings and equipment	3 to 10 years
Plant and machinery	3 to 10 years

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other (losses)/gains – net".

2.5 Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and business on or after 1 January 2010 represents the excess of (a) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill previously recognised as a deduction from equity as a separate capital reserve are not recognised in the opening balance sheet during the first time adoption of Singapore Financial Reporting Standards in 2001.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against equity in the year of acquisition and is not recognised in profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction as well as those in relation to general borrowings used to finance the construction of properties and assets under construction.

2.7 Investment properties

Investment properties comprise significant portions of freehold industrial building and warehouses that are held for long-term rental yields and/or for capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed as developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Freehold land on which the freehold industrial building and warehouses are sitting on is not depreciated. Depreciation on other items of investment properties is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of up to 50 years. The residual value, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Certain freehold land and buildings were revalued by independent professional valuers on the basis of open market with existing use for the purposes of the initial public offering of shares of the Company and the listing of the Company's shares on the Singapore Exchange.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Any amount in the asset revaluation reserve is transferred to retained profits directly upon disposal of the investment property.

2.8 Investments in subsidiaries/loan to subsidiary

Investments in subsidiaries, including loans that are considered as part of net investment in subsidiaries based on the economic substance of the loan are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Investment in club membership
Property, plant and equipment
Investment properties
Investments in subsidiaries

Investment in club membership, property, plant and equipment, investment properties and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) 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 are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (note 13), "cash and cash equivalents" (note 12) and deposits within "other current assets" (note 15) on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures and management intends to dispose off the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets, are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial assets is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.14 Fair value estimation of financial assets and liabilities

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

(a) When the Group is the lessee:

The Group leases land and warehouses under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor:

The Group leases investment properties under operating leases to non-related parties.

Lessor – Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee compensation (Continued)

(b) Employee leave entitlement

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

(c) Directors' profit sharing

The Group recognises a liability and an expense for directors' profit sharing, based on a formula that takes into consideration the Group's profit before income tax. The Group recognises a provision when there is a past practice that has created a constructive obligation to pay.

2.20 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other (losses)/gains – net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rate at the date of the balance sheet;

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Currency translation (Continued)

(c) Translation of Group entities' financial statements (Continued)

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) Estimated impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amounts of the Hoe Seng Huat Pte Ltd cash-generating unit ("CGU") have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 21).

If the management's estimated pre-tax discount rate applied to the discounted cash flows for the CGU at 30 June 2015 had been lower by 1.0%, goodwill in this CGU would still be fully impaired by $4,630,000.

If the management's estimated weighted average growth rate used to extrapolate cash flows beyond the budget period for the CGU at 30 June 2015 had been higher by 1.0%, goodwill in this CGU would still be fully impaired by $4,630,000.

(b) Estimated allowance of inventory write-down

The Group assesses whether any allowance is required to reflect the carrying value of inventory. Net realisable values have been determined based on the estimated selling price in the ordinary course of business, less applicable variable selling expenses. For inventory with no recent sales, estimated selling price is approximated by the recent selling price of similar products that management would expect to realise from the sale of inventory in the ordinary course of business.

If estimated selling price for inventory without recent sales had been lower by 10% from management's estimates, loss after tax of the Group and the Company would have been higher by $375,000 and $85,000 respectively.

3.2 Critical judgements in applying the entity's accounting policies

Estimated allowances for impairment of receivables

The Group makes allowance for impairment of receivables based on an assessment of the recoverability of trade receivables. Allowances for impairment of receivables are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables involves management judgement, as management identifies receivables with objective evidence of impairment based on credit ageing profile and historical customer repayment trend.

Out of the total receivables as at balance sheet date, certain receivables for the Group and the Company amounting to $5,030,000 and $263,000 respectively relate to customers exposed to specific industrial/ geographical risk profile with slow payments as at year end. The management has performed impairment assessment following such indicators and keeping in view the financial capability of the customers, on exercising critical judgement concluded that these balances not to be impaired since the customers are expected to be able to pay in due course.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

4. REVENUE

	Group	
	2015 $'000	**2014 $'000**
Sale of goods	**82,364**	115,848
Services rendered	**1,291**	720
	83,655	116,568

5. OTHER INCOME

	Group	
	2015 $'000	**2014 $'000**
Rental income (Note 19)	**731**	721
Dividend income	**138**	83
Sale of scrap metal	**11**	15
Interest income from:		
– fixed deposits	**351**	319
– available-for-sale financial assets	**787**	750
– other	**4**	13
	1,142	1,082
Sundry income	**127**	222
	2,149	2,123

6. OTHER (LOSSES)/GAINS – NET

	Group	
	2015 $'000	**2014 $'000**
Currency translation losses – net	**(433)**	(53)
Gain/(loss) on disposal of property, plant and equipment	**2**	(4)
Impairment loss of goodwill (Note 21)	**(4,630)**	–
Fair value gain on derivative financial instruments not qualifying as hedges	**–**	1
Reclassification from other comprehensive income on disposal of available-for-sale financial assets [Note 29(b)(iv)]	**502**	298
	(4,559)	242

7. EMPLOYEE COMPENSATION

	Group	
	2015 $'000	**2014 $'000**
Wages and salaries	**6,399**	7,327
Directors' fees	**296**	297
Employer's contribution to defined contribution plans including Central Provident Fund	**778**	792
Retirement gratuity (Note 26)	**46**	46
	7,519	8,462

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

8. FINANCE EXPENSE

	Group	
	2015 $'000	**2014 $'000**
Interest expense on:		
– trust receipts	**3**	23
Currency translation losses/(gains) – net	**78**	(16)
	81	7

9. OTHER EXPENSES

	Group	
	2015 $'000	**2014 $'000**
Rental expense on operating leases	**897**	839
Outward freight and handling charges	**1,849**	2,611
Impairment loss on trade receivables – net [Note 31(b)(ii)]	**1,918**	62
Legal and professional charges*	**286**	262
Property taxes	**772**	804
Repairs and maintenance	**375**	343
Upkeep of motor vehicles	**302**	318
Utilities	**117**	165
Bank charges	**164**	146
Travel and entertainment	**223**	229
Insurance expense	**124**	132
Telecommunication expense	**85**	88
Other	**869**	755
	7,981	6,754

* Included in the legal and professional charges are fees paid to auditors of the Company, for audit services for the financial year ended 30 June 2015, of $130,000 (2014: $124,000). There are no non-audit services fees paid to auditors of the Company for the financial year ended 30 June 2015.

10. INCOME TAXES

(a) Income tax (credit)/expense

	Group	
	2015 $'000	**2014 $'000**
Tax (credit)/expense attributable to (loss)/profit is made up of:		
Current income tax		
– Singapore	**–**	660
– Foreign	**50**	217
	50	877
Deferred income tax (Note 22)	**(551)**	(198)
	(501)	679
Over provision in preceding financial years		
– current income tax	**(4)**	(60)
– deferred income tax (Note 22)	**–**	(14)
Total	**(505)**	605

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

10. INCOME TAXES (Continued)

(a) Income tax (credit)/expense (Continued)

The tax on the Group's (loss)/profit for the year differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2015 $'000	**2014 $'000**
(Loss)/profit before tax	**(8,456)**	4,156
Tax calculated at tax rate of 17% (2014: 17%)	**(1,438)**	707
Effects of:		
– Effect of different tax rate in other country	**(52)**	32
– Expenses not deductible for tax purposes	**1,160**	328
– Income not subject to tax	**(136)**	(119)
– Statutory stepped income exemption	**–**	(110)
– Tax incentives	**(82)**	(45)
– Corporate tax rebate	**–**	(101)
– Tax losses carried back	**55**	–
– Others	**(8)**	(13)
Tax (credit)/charge	**(501)**	679

(b) Movement in current income tax (recoverable)/liabilities

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Beginning of financial year	**840**	390	**480**	200
Income tax paid	**(911)**	(362)	**(509)**	(195)
Tax expense	**50**	877	**7**	479
Over provision in preceding financial year	**(4)**	(60)	**(8)**	(4)
Currency translation differences	**(3)**	(5)	**–**	–
End of financial year	**(28)**	840	**(30)**	480

11. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Total	
	2015	**2014**
(Loss)/profit attributable to equity holders of the Company ($'000)	**(7,951)**	3,551
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**616,778**	617,162
Basic earnings per ordinary share (cents)	**(1.29)**	0.58

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

11. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

Fully diluted earnings per share is the same as the basic earnings per share.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cash and bank balances	**32,504**	29,542	**8,467**	12,714
Short-term bank deposits	**11,775**	20,487	**–**	4,223
	44,279	50,029	**8,467**	16,937

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Current				
Trade receivables				
– Non-related parties	**26,798**	37,938	**6,844**	7,866
– Subsidiaries	**–**	–	**8,538**	8,435
Less: Allowance for impairment of receivables – non-related parties [Note 31(b)(ii)]	**(2,002)**	(181)	**–**	–
Trade receivables – net	**24,796**	37,757	**15,382**	16,301
Non-trade receivables from subsidiaries	**–**	–	**450**	498
Other receivables	**272**	4	**254**	–
Interest receivable	**246**	298	**211**	244
	25,314	38,059	**16,297**	17,043
Non-current				
Other receivables	**32**	–	**32**	–

Non-trade receivables from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

14. INVENTORIES

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Steel product merchandise	**45,026**	54,267	**22,286**	25,603

The cost of inventories recognised as an expense amounts to $72,455,000 (2014: $97,864,000).

During the financial year, the Group recognised an inventory write-down of $3,250,000 (2014: $nil). The write-down was included in "changes in inventories".

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

15. OTHER CURRENT ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deposits	**28**	24	**10**	4
Prepayments	**160**	121	**80**	65
	188	145	**90**	69

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Beginning of financial year	**18,804**	16,084	**18,804**	16,084
Additions	**5,204**	7,920	**5,204**	7,920
Disposals	**(3,807)**	(5,786)	**(3,807)**	(5,786)
Currency translation gains – net	**445**	–	**445**	–
Fair value gains recognised in other comprehensive income [Note 29(b)(iv)]	**31**	586	**31**	586
End of financial year	**20,677**	18,804	**20,677**	18,804

Available-for-sale financial assets are analysed as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Listed securities				
– Equity securities – Singapore	**3,086**	1,505	**3,086**	1,505
– Equity securities – US	**937**	957	**937**	957
– Equity securities – Others	**971**	669	**971**	669
– Debt securities – Singapore	**9,515**	10,069	**9,515**	10,069
– Debt securities – US	**6,168**	5,604	**6,168**	5,604
	20,677	18,804	**20,677**	18,804

17. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 $'000	2014 $'000
Equity investments at cost	**9,457**	9,457

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

17. INVESTMENT IN SUBSIDIARIES (Continued)

The particulars of the subsidiaries are as follows:

Name	Place of incorporation and business	Principal activities	Effective Interest		Cost of unquoted equity investment	
			2015 %	2014 %	2015 $'000	2014 $'000
Held by the Company						
Eastern Win Metals & Machinery Pte Ltd[1]	Singapore	General hardware trading and racking services	100	100	364	364
Metal House Investment Pte Ltd[1]	Singapore	Property investment holding	100	100	6,000	6,000
Hup Seng Huat Land Pte Ltd[1]	Singapore	Investment holding, property investment holding and logistics services	100	100	1,050	1,050
Thong Seng Metal Pte Ltd[1]	Singapore	Steel product trading	100	100	300	300
Pressure Products Sdn. Bhd.[2] [3]	Malaysia	Steel product trading	100	100	1,743	1,743
					9,457	9,457
Held by subsidiary						
Hoe Seng Huat Pte Ltd[1]	Singapore	Steel product trading	100	100	20,000	20,000

(1) Audited by PricewaterhouseCoopers LLP, Singapore

(2) Audited by Folks DFK & Co.

(3) In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

18. LOAN TO A SUBSIDIARY

	Company	
	2015 $'000	2014 $'000
Non-current		
Loan due after 12 months	**28,929**	36,303

The loan to a subsidiary is unsecured and interest-free. It has no fixed terms of repayment and is not expected to be repaid in the next 12 months from the balance sheet date. The loan to a subsidiary is considered as part of net investment in subsidiary based on the economic substance of the loan.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

19. INVESTMENT PROPERTIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cost or valuation				
Beginning of financial year	**31,828**	19,751	**20,120**	8,043
Additions	**8,691**	12,077	**8,691**	12,077
End of financial year	**40,519**	31,828	**28,811**	20,120
Representing:				
Cost	**21,191**	12,500	**20,983**	12,292
Valuation	**19,328**	19,328	**7,828**	7,828
	40,519	31,828	**28,811**	20,120
Accumulated depreciation				
Beginning of financial year	**6,286**	6,184	**1,672**	1,661
Depreciation charge	**103**	102	**12**	11
End of financial year	**6,389**	6,286	**1,684**	1,672
Net book value	**34,130**	25,542	**27,127**	18,448

The following amounts are recognised in profit or loss in relation to investment properties:

	Group	
	2015 $'000	2014 $'000
Rental income (Note 5)	**731**	721
Direct operating expenses arising from:		
– Investment properties that generate rental income	**(228)**	(207)
– Investment properties that do not generate rental income	**(163)**	(275)

Investment properties are leased to non-related parties under operating leases [Note 30(c)].

Investment properties comprising freehold land and buildings of the Group and the Company were revalued by the directors based on a valuation carried out by independent professional valuers on the basis of open market value with existing use. The valuation was carried out in August 1992 for the purpose of updating the book value of the freehold properties for the initial public offering of shares of the Company and the listing of the Company's shares on the Singapore Exchange.

A revaluation surplus was recognised in the asset revaluation reserve account. The Group has no policy on the frequency of valuation of its investment properties.

If all investment properties had been included in the financial statements at cost less accumulated depreciation, the net book value of investment properties for the Group and the Company would have been $30,641,000 (2014: $22,052,000) and $23,681,000 (2014: $15,001,000) respectively.

As at 30 June 2015, the fair value of investment properties is $99,220,000 (2014: $83,600,000) as determined by independent professional valuers based on the properties' highest-and-best-use using the Market Comparison Method and the Residual Land Valuation Method.

See Note 20 for details relating to investment properties.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

19. INVESTMENT PROPERTIES (Continued)

Valuation techniques and processes

The Group engages an external, independent and qualified valuer to determine the fair value of the investment properties at the end of every financial year based on the properties' highest-and-best-use.

The fair values of the Group's investment properties, classified as Level 3 of the fair value hierarchy, have been derived using two methods, namely the Market Comparison Method and the Residual Land Method.

The Market Comparison Method involves analysis of recent transactions of comparable properties within the vicinity and elsewhere in Singapore. Necessary comparisons and adjustments have been made for the differences in location, tenure, size, age, condition, standard of finishes, date of sale, amongst other factors.

Under the Residual Land Method, the value of the property in its existing partially completed state of construction is derived by deducting the estimated cost to complete (including professional fees) and other relevant costs from the gross development value of the property, assuming satisfactory completion. The gross development value, or value of the property assuming it is completed, is derived using the Income Capitalisation method as well as the Discounted Cash Flow method. Depending on the percentage of completion of the construction, a fraction of the assumed developer's profit relating to the uncompleted portion of the development is also deducted from the gross development value.

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Plant and machinery $'000	Total $'000
Group					
2015					
Cost					
Beginning of financial year	31,473	1,768	3,101	3,194	39,536
Currency translation differences	(119)	(12)	(19)	(3)	(153)
Additions	–	31	125	43	199
Disposals	–	(17)	(875)	–	(892)
End of financial year	31,354	1,770	2,332	3,234	38,690
Accumulated depreciation and impairment losses					
Beginning of financial year	8,888	1,190	2,787	2,173	15,038
Currency translation differences	(18)	(9)	(19)	(3)	(49)
Depreciation charge	1,096	146	124	196	1,562
Disposals	–	(17)	(875)	–	(892)
End of financial year	9,966	1,310	2,017	2,366	15,659
Net book value					
End of financial year	**21,388**	**460**	**315**	**868**	**23,031**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

20. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold land and building $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Plant and machinery $'000	Total $'000
2014					
Cost					
Beginning of financial year	31,527	1,587	3,058	3,449	39,621
Currency translation differences	(54)	(6)	(8)	(2)	(70)
Additions	–	191	61	47	299
Disposals	–	(4)	(10)	(300)	(314)
End of financial year	31,473	1,768	3,101	3,194	39,536
Accumulated depreciation and impairment losses					
Beginning of financial year	7,799	1,050	2,658	2,128	13,635
Currency translation differences	(8)	(3)	(8)	(2)	(21)
Depreciation charge	1,097	145	146	200	1,588
Disposals	–	(2)	(9)	(153)	(164)
End of financial year	8,888	1,190	2,787	2,173	15,038
Net book value					
End of financial year	**22,585**	**578**	**314**	**1,021**	**24,498**

	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Company			
2015			
Cost			
Beginning of financial year	129	2,086	2,215
Additions	–	66	66
Disposals	–	(875)	(875)
End of financial year	129	1,277	1,406
Accumulated depreciation			
Beginning of financial year	100	1,945	2,045
Depreciation charge	13	53	66
Disposals	–	(875)	(875)
End of financial year	113	1,123	1,236
Net book value			
End of financial year	**16**	**154**	**170**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

20. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
2014			
Cost			
Beginning of financial year	129	2,080	2,209
Additions	–	10	10
Disposals	–	(4)	(4)
End of financial year	129	2,086	2,215
Accumulated depreciation			
Beginning of financial year	87	1,880	1,967
Depreciation charge	13	69	82
Disposals	–	(4)	(4)
End of financial year	100	1,945	2,045
Net book value			
End of financial year	**29**	**141**	**170**

The properties of the Group are as follows:

Description	Location	Floor area square metres	Site area square metres	Tenure	Leasehold Term
Classified as investment properties					
Warehouse with 7-storey office block annexe under construction	6 Kim Chuan Drive Singapore	7,690*	3,076	Freehold	–
2-storey shophouse	359 Jalan Besar Singapore	255	142	Freehold	–
2-storey shophouse	365/365A Jalan Besar, Singapore	327	158	Freehold	–
Office units	27 Foch Road #05-04/05/06/07 Hoa Nam Building Singapore	128	–	Freehold	–
7-storey industrial building	38 Genting Lane Singapore	4,040	2,103	Freehold	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

20. PROPERTY, PLANT AND EQUIPMENT (Continued)

Description	Location	Floor area square metres	Site area square metres	Tenure	Leasehold Term
Classified as property, plant and equipment					
Warehouse with 5-storey office block annexe	116 Neythal Road Singapore	32,663	29,518	Leasehold	30 years from 2001
Warehouse	155 Gul Circle Singapore	7,091	13,601	Leasehold	30 years from 2009
Single-storey terraced factory	Lot MC 0259 Subang Industrial Park, Malaysia	149	149	Leasehold	99 years from 1992
Factory	Lot 1 Kawasan MIEL Phase 10 Section 23 Shah Alam, Malaysia	2,594	5,300	Leasehold	99 years from 1995

* Estimated floor area upon completion

21. GOODWILL

	Group	
	2015 $'000	**2014 $'000**
Goodwill arising on acquisition of business:		
Cost		
Beginning and end of financial year	**4,630**	4,630
Accumulated impairment		
Beginning of financial year	**–**	–
Impairment charge (Note 6)	**(4,630)**	–
	(4,630)	–
Net book value	**–**	4,630

Goodwill is allocated to the Group's cash generating unit ("CGU") identified as the hardware operations of its subsidiary, Hoe Seng Huat Pte Ltd.

The recoverable amount of a CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the hardware business in which the CGU operates.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
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21. GOODWILL (Continued)

Key assumptions used for value-in-use calculations:

	2015	2014
Gross margin[1]	**8-10%**	8-10%
Short-term growth rate[2]	**3%**	6-9%
Long-term growth rate[3]	**2%**	2%
Discount rate[4]	**7%**	8%

1 Budgeted gross margin

2 Growth rate used to project cash flows within the budget period

3 Growth rate used to extrapolate cash flows beyond the budget period

4 Pre-tax discount rate applied to the cash flow projections

These assumptions were used for the analysis of the CGU. Management determined budgeted gross margin based on past performance and expectations of market developments. The growth rate used is consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflected specific risks relating to the business.

An impairment charge of $4,630,000 (2014: $nil) is included within "other (losses)/gains – net" (Note 6) in the statement of comprehensive income. The impairment charge has arisen mainly due to declining customer demand from the marine sector as a result of the current depressed economic conditions.

22. DEFERRED INCOME TAXES

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred income tax assets				
– to be recovered within one year	**(77)**	(106)	**(114)**	(218)
– to be recovered after one year	**(572)**	–	**(242)**	–
	(649)	(106)	**(356)**	(218)

The movement in the deferred income tax account are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Beginning of financial year	**(106)**	106	**(218)**	(167)
Tax credited to profit or loss (Note 10(a))	**(551)**	(212)	**(138)**	(51)
Currency translation differences	**8**	–	**–**	–
End of the financial year	**(649)**	(106)	**(356)**	(218)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

22. DEFERRED INCOME TAXES (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unutilised tax losses and capital allowances of $3,329,000 (2014: $nil) and donations of $33,000 (2014: $nil) at the balance sheet date which can be carried forward and used to offset future taxable income subject to meeting certain statutory requirements. The donations will expire in 2020.

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year are as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Total $'000
2015		
Beginning of financial year	301	301
Tax credited to profit or loss	(37)	(37)
End of financial year	264	264
2014		
Beginning of financial year	417	417
Tax credited to profit or loss	(116)	(116)
End of financial year	301	301

Deferred income tax assets

	Provisions $'000	Unutilised capital allowances $'000	Unutilised tax losses $'000	Unutilised donations $'000	Total $'000
2015					
Beginning of financial year	(407)	–	–	–	(407)
Tax charged/(credited) to profit or loss	58	(11)	(555)	(6)	(514)
Currency translation differences	8	–	–	–	8
End of financial year	(341)	(11)	(555)	(6)	(913)
2014					
Beginning of financial year	(311)	–	–	–	(311)
Tax credited to profit or loss	(96)	–	–	–	(96)
End of financial year	(407)	–	–	–	(407)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

22. DEFERRED INCOME TAXES (Continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Total $'000
2015		
Beginning of the financial year	26	26
Tax credited to profit or loss	(1)	(1)
End of the financial year	25	25
2014		
Beginning of the financial year	35	35
Tax credited to profit or loss	(9)	(9)
End of the financial year	26	26

Deferred income tax assets

	Provisions $'000	Unutilised capital allowances $'000	Unutilised tax losses $'000	Unutilised donations $'000	Total $'000
2015					
Beginning of the financial year	(244)	–	–	–	(244)
Tax charged/(credited) to profit or loss	105	(11)	(225)	(6)	(137)
End of the financial year	(139)	(11)	(225)	(6)	(381)
2014					
Beginning of the financial year	(202)	–	–	–	(202)
Tax credited to profit or loss	(42)	–	–	–	(42)
End of the financial year	(244)	–	–	–	(244)

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables				
– Third parties	**3,761**	8,784	**1,303**	2,794
– Subsidiaries	**–**	–	**287**	1
Goods and services tax payable	**416**	852	**–**	224
Advances received from customers	**49**	50	**48**	49
Non-trade payables to subsidiaries	**–**	–	**1,153**	1,522
Other payables	**257**	720	**94**	520
Other payables to liquidator of a subsidiary	**–**	3	**–**	3
Accrued operating expenses	**1,996**	2,139	**1,302**	1,180
	6,479	12,548	**4,187**	6,293

Non-trade payables to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
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24. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			Company		
	Contract notional amount $'000	Fair value		Contract notional amount $'000	Fair value	
		Asset $'000	Liability $'000		Asset $'000	Liability $'000
2015						
Non-hedging instruments						
– Currency forwards	5,510	–	–	5,510	–	–
2014						
Non-hedging instruments						
– Currency forwards	6,927	–	–	5,662	–	–

Derivative financial instruments comprise fair value gains/(losses) of the United States Dollar/Singapore Dollar currency forwards used to manage the exposure from committed purchases of inventories in foreign currencies.

25. BORROWINGS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trust receipts	**408**	848	**408**	848

Security granted

There is no corporate guarantee provided to banks by the Company because there is no outstanding trust receipt owed by subsidiaries as at 30 June 2015 and 30 June 2014.

26. PROVISION FOR DIRECTORS' RETIREMENT GRATUITY

	Group and Company	
	2015 $'000	2014 $'000
– Non-current	**485**	962

The movement of provision for directors' retirement gratuity in the balance sheet is as follows:

	Group and Company	
	2015 $'000	2014 $'000
Beginning of the financial year	**962**	916
Provision made (Note 7)	**46**	46
Payment made to a director	**(523)**	–
End of the financial year	**485**	962

Retirement gratuity is available to certain directors of the Group. The retirement gratuity is calculated on a yearly basis and is based on a proportion of the directors' annual salary.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

27. DIVIDENDS

	Group and Company	
	2015 $'000	**2014 $'000**
Final dividend paid in respect of the previous financial year of 1 cent (2014: 0.5 cent) per share	**6,167**	3,086

At the Annual General Meeting on 29 October 2015, a final dividend of 0.1 cent per share amounting to a total of $617,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2015.

28. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital '000	**Treasury shares '000**	**Share capital $'000**	**Treasury shares $'000**
Group and Company				
2015				
Beginning and end of financial year	627,371	(10,593)	107,485	(2,498)
2014				
Beginning of financial year	627,371	(8,196)	107,485	(1,965)
Treasury shares purchased	–	(2,397)	–	(533)
End of financial year	627,371	(10,593)	107,485	(2,498)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Treasury shares

The Company acquired 2,397,000 of its shares in the open market during the previous financial year. The total amount paid to acquire the shares was $533,000 and this was presented as a component within shareholder's equity.

29. OTHER RESERVES

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
(a) Composition:				
Other reserves:				
– Asset revaluation reserve [Note 29(b)(i)]	**1,525**	1,525	**1,430**	1,430
– Goodwill arising from consolidation [Note 29(b)(ii)]	**(2,002)**	(2,002)	**–**	–
	(477)	(477)	**1,430**	1,430
Currency translation reserve [Note 29(b)(iii)]	**(1,301)**	(990)	**–**	–
Fair value reserve [Note 29(b)(iv)]	**132**	603	**132**	603
	(1,646)	(864)	**1,562**	2,033

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

29. OTHER RESERVES (Continued)

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(b) Movements:				
(i) Asset revaluation reserve				
Beginning and end of financial year	**1,525**	1,525	**1,430**	1,430
(ii) Goodwill arising from consolidation				
Beginning and end of financial year	**(2,002)**	(2,002)	**–**	–
(iii) Currency translation reserve				
Beginning of financial year	**(990)**	(845)	**–**	–
Net currency translation differences of financial statements of foreign subsidiary	**(311)**	(145)	**–**	–
End of financial year	**(1,301)**	(990)	**–**	–
(iv) Fair value reserve				
Beginning of financial year	**603**	315	**603**	315
Available-for-sale financial assets – Fair value gains (Note 16)	**31**	586	**31**	586
– Reclassification to profit or loss (Note 6)	**(502)**	(298)	**(502)**	(298)
End of financial year	**132**	603	**132**	603

30. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Investment properties	**1,230**	9,922	**1,230**	9,922

(b) Operating lease commitments – where a group company is a lessee

At the balance sheet date, the Group and Company have rental commitments under non-cancellable operating leases for leasehold properties. The leases have varying terms, escalation, clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Not later than one year	**924**	877	**1,279**	1,279
Later than one year but not later than five years	**3,691**	3,551	**137**	1,419
Later than five years	**11,393**	11,635	**–**	–
	16,008	16,063	**1,416**	2,698

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

30. COMMITMENTS (Continued)

(c) Operating lease commitments – where a group company is a lessor

The Group and Company leases out its investment properties to third parties under non-cancellable operating rights.

The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Not later than one year	**524**	481	**228**	176
Later than one year but not later than five years	**121**	73	**115**	4
	645	554	**343**	180

31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group uses financial instruments such as currency forwards to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes detailed policies such as authority levels, oversight responsibility, risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by finance personnel. The finance personnel measure actual exposures against the limits set and prepare regular reports for the review by the management team and the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Malaysian Ringgit ("MYR") and Euro.

In addition, the Group is exposed to currency translation risk on net assets in foreign operations at Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

31. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	MYR $'000	EURO $'000	OTHER $'000	TOTAL $'000
2015						
Financial Assets						
Cash and cash equivalents	33,450	2,698	7,990	5	136	44,279
Trade and other receivables	21,890	705	2,749	1	1	25,346
Intra-group receivables	39,673	–	–	–	–	39,673
Other current assets	24	–	4	–	–	28
Available-for-sale financial assets	9,515	6,168	–	–	–	15,683
	104,552	9,571	10,743	6	137	125,009
Financial Liabilities						
Trade and other payables	3,761	1,893	416	205	155	6,430
Intra-group payables	39,673	–	–	–	–	39,673
Borrowings	–	65	–	343	–	408
	43,434	1,958	416	548	155	46,511
Net financial assets/(liabilities)	61,118	7,613	10,327	(542)	(18)	78,498
Less: Net financial assets denominated in the respective entity's functional currency	(70,085)	–	(10,327)	–	–	(80,412)
Add: Currency forwards	–	(5,510)	–	–	–	(5,510)
Currency exposure	(8,967)	2,103	–	(542)	(18)	(7,424)
2014						
Financial Assets						
Cash and cash equivalents	42,952	692	6,377	5	3	50,029
Trade and other receivables	33,589	727	3,741	–	2	38,059
Intra-group receivables	46,368	–	–	–	–	46,368
Other current assets	20	–	4	–	–	24
Available-for-sale financial assets	10,069	5,604	–	–	–	15,673
	132,998	7,023	10,122	5	5	150,153
Financial Liabilities						
Trade and other payables	4,656	6,707	504	544	87	12,498
Intra-group payables	46,368	–	–	–	–	46,368
Borrowings	–	173	–	675	–	848
	51,024	6,880	504	1,219	87	59,714
Net financial assets/(liabilities)	81,974	143	9,618	(1,214)	(82)	90,439
Less: Net financial assets denominated in the respective entity's functional currency	(89,412)	–	(9,618)	–	–	(99,030)
Add: Currency forwards	–	(3,255)	–	118	–	(3,137)
Currency exposure	(7,438)	(3,112)	–	(1,096)	(82)	(11,728)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

31. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	EURO $'000	OTHER $'000	TOTAL $'000
2015					
Financial Assets					
Cash and cash equivalents	6,259	2,070	5	133	8,467
Trade and other receivables	15,625	703	1	–	16,329
Other current assets	10	–	–	–	10
Available-for-sale financial assets	9,515	6,168	–	–	15,683
	31,409	8,941	6	133	40,489
Financial Liabilities					
Trade and other payables	2,942	993	204	–	4,139
Borrowings	–	65	343	–	408
	2,942	1,058	547	–	4,547
Net financial assets/(liabilities)	28,467	7,883	(541)	133	35,942
Less: Net financial assets denominated in the Company's functional currency	(28,467)	–	–	–	(28,467)
Add: Currency forwards	–	(5,510)	–	–	(5,510)
Currency exposure	–	2,373	(541)	133	1,965

	SGD $'000	USD $'000	EURO $'000	OTHER $'000	TOTAL $'000
2014					
Financial Assets					
Cash and cash equivalents	16,398	534	5	–	16,937
Trade and other receivables	16,351	692	–	–	17,043
Other current assets	4	–	–	–	4
Available-for-sale financial assets	10,069	5,604	–	–	15,673
	42,822	6,830	5	–	49,657
Financial Liabilities					
Trade and other payables	3,654	2,046	544	–	6,244
Borrowings	–	173	675	–	848
	3,654	2,219	1,219	–	7,092
Net financial assets/(liabilities)	39,168	4,611	(1,214)	–	42,565
Less: Net financial assets denominated in the Company's functional currency	(39,168)	–	–	–	(39,168)
Add: Currency forwards	–	(4,520)	118	–	(4,402)
Currency exposure	–	91	(1,096)	–	(1,005)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
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31. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If the USD and Euro change against the SGD by 5% (2014: 5%) with all other variables including tax rates being held constant, the effects arising on the net financial assets and liabilities position will be as follows:

	Increase/(Decrease)	
	2015 Loss after tax S$'000	**2014 Profit after tax S$'000**
Group		
USD against SGD		
– strengthened	**(87)**	(129)
– weakened	**87**	129
EURO against SGD		
– strengthened	**22**	(45)
– weakened	**(22)**	45
Company		
USD against SGD		
– strengthened	**(98)**	4
– weakened	**98**	(4)
EURO against SGD		
– strengthened	**22**	(45)
– weakened	**(22)**	45

(ii) Price risk

The Group is exposed to equity and debt securities price risk arising from the investments held by the Group which are classified as available-for- sale. These securities are listed in Singapore. To manage its price risk arising from investments in these securities, the Group diversifies its portfolio.

If prices for the equity securities and debt securities change by 10% and 5% respectively (2014: 10% and 5%) respectively with all other variables including tax rates being held constant, the effects on other comprehensive income will be:

	Increase/(Decrease)	
	2015 Other comprehensive income $'000	**2014 Other comprehensive income $'000**
Group and Company		
Equity securities		
Increased by	**499**	313
Deceased by	**(499)**	(313)
Debt securities		
Increased by	**784**	784
Deceased by	**(784)**	(784)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

31. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's fixed deposits with banks, bank borrowings and fixed rate available-for-sale financial assets.

The Group and the Company has insignificant exposure to cash flow interest rate risk as the Group and the Company only has fixed rate borrowings.

The Group and Company are exposed to insignificant fair value interest rate risks arising mainly from its fixed rate available-for-sale financial assets and fixed rate borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables.

For trade receivables, the Group adopts the policy to enter into transactions with a diversity of credit worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products are made to customers with appropriate credit history, and monitors the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credit extended. For other financial assets such as bank deposits, the Group adopts the policy of dealing only with high credit quality counterparties.

Exposure to credit risk

As the Group and 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.

The trade receivables of the Group and of the Company comprise 3 debtors (2014: 4 debtors) and 5 debtors (2014: 7 debtors) respectively that individually represented 3% – 16% (2014: 3% – 24%) of trade receivables.

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-ratings agencies.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

31. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Exposure to credit risk (Continued)

(i) Financial assets that are neither past due nor impaired (Continued)

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Past due < 3 months	**9,098**	12,962	**3,276**	2,826
Past due 3 to 6 months	**1,657**	5,570	**125**	733
Past due over 6 months	**6,181**	6,742	**251**	490
	16,936	25,274	**3,652**	4,049

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Past due < 3 months	**9,098**	12,962	**3,276**	2,826
Past due 3 to 6 months	**1,657**	5,570	**125**	733
Past due over 6 months	**6,181**	6,742	**251**	490
	16,936	25,274	**3,652**	4,049

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

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Gross amount	**2,007**	181	**–**	–
Less: Allowance for impairment	**(2,002)**	(181)	**–**	–
	5	–	**–**	–
Beginning of financial year	**181**	269	**–**	–
Currency translation difference	**(13)**	(1)	**–**	–
Allowance made (Note 9)	**1,921**	88	**–**	–
Write-back of allowance (Note 9)	**(3)**	(26)	**–**	–
Allowance utilised	**(84)**	(149)	**–**	–
End of financial year (Note 13)	**2,002**	181	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

31. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Exposure to credit risk (Continued)

(ii) Financial assets that are past due and/or impaired (Continued)

The impaired trade receivables arise mainly from sales to specific customers which have defaulted on payment due to going concern issues. The Group has since ceased sales to these customers.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and Company's liquidity risk management policy is to maintain sufficient liquid financial assets to meet their working capital requirements of their financial liabilities which comprise mainly borrowings and trade and other payables.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow.

	Less than 1 year $'000
Group	
At 30 June 2015	
Trade and other payables	6,430
Borrowings	408
At 30 June 2014	
Trade and other payables	12,498
Borrowings	848
Company	
At 30 June 2015	
Trade and other payables	4,139
Borrowings	408
At 30 June 2014	
Trade and other payables	6,244
Borrowings	848

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

31. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year $'000
Group	
At 30 June 2015	
Gross-settled currency forwards	
– Receipts	5,510
– Payments	(5,510)
At 30 June 2014	
Gross-settled currency forwards	
– Receipts	6,927
– Payments	(6,927)
Company	
At 30 June 2015	
Gross-settled currency forwards	
– Receipts	5,510
– Payments	(5,510)
At 30 June 2014	
Gross-settled currency forwards	
– Receipts	5,662
– Payments	(5,662)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group 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.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalent. Total capital is calculated as total equity plus net debt. The Group and Company is in net cash position for the financial year ended 30 June 2015 and 2014.

The Group is not subject to any externally imposed capital requirement for the financial year ended 30 June 2015 and 2014.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

31. FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair value measurements (Continued)

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

Group	Level 1 $'000	Total $'000
2015		
Assets		
Available-for-sale financial assets	20,677	20,677
2014		
Assets		
Available-for-sale financial assets	18,804	18,804

Company	Level 1 $'000	Total $'000
2015		
Assets		
Available-for-sale financial assets	20,677	20,677
2014		
Assets		
Available-for-sale financial assets	18,804	18,804

The fair value of financial instruments traded in active market (such as available-for-sale securities) is based on quoted market prices at the balance sheet 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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the balance sheet date. These investments are classified as Level 2 and comprise derivative financial instruments.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

(f) Financial instrument by category

The carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Available for sale financial assets	**20,677**	18,804	**20,677**	18,804
Loans and receivables	**69,653**	88,112	**24,806**	33,984
Financial liabilities at amortised cost	**6,838**	13,346	**4,547**	7,092

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

32. RELATED PARTY TRANSACTIONS

In addition to the 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) Sale and purchases of goods and services

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
With subsidiaries:				
Sale of finished goods	**–**	–	**5,306**	8,317
Purchases of finished goods	**–**	–	**(34)**	(19)
Management fee income	**–**	–	**121**	121
Interest income	**–**	–	**–**	48
Other income	**–**	–	**3**	13
Logistics expenses	**–**	–	**(535)**	(589)
Rental expenses	**–**	–	**(1,234)**	(1,234)
With companies in which certain directors of the Company have substantial financial interests:				
Management fees paid	**73**	73	**–**	–

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Salaries and other short-term employee benefits	**2,419**	2,527	**1,948**	2,184
Employer's contribution to defined contribution plans, including Central Provident Fund	**143**	114	**110**	91
Retirement gratuity	**–**	46	**–**	46
	2,562	2,687	**2,058**	2,321

Included in above, total compensation to directors of the Group and Company amounted to $1,519,000 and $1,260,000 respectively (2014: $1,792,000 and $1,536,000).

33. SEGMENT INFORMATION

Management has determined the operating segments based on reports received by the Executive Committee ("EXCO") that are used to make strategic decisions. The Exco comprises the Executive Directors and they are assisted by the Chief Financial Officer, and the department heads of each business. The Exco considers the business from both a geographic and business segment perspective.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

33. SEGMENT INFORMATION (Continued)

The geographical information are as follows:

Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are steel product and general hardware trading and property investment.

Malaysia – the operations in this area are principally steel product trading.

The business information are as follows:

Steel product trading – sale of industrial steel products

Hardware trading – sale of general hardware products

Property investment – rental of properties

The segment information has been compiled using a consistent basis. The division of the Group's revenue and rental income, results and assets and liabilities into geographical and business segments has been ascertained by reference to direct identification to each particular segment.

Segment results comprise profit/(loss) before tax for the respective reportable segments and exclude the effects of interest income, interest expense and goodwill impairment.

Segment assets comprise total assets allocated based on reportable segments.

Segment liabilities comprise total liabilities allocated based on reportable segments and exclude tax liabilities and borrowings.

Geographical information

	Singapore $'000	Malaysia $'000	Total $'000
Financial year ended 30 June 2015			
Total revenue and rental income	82,177	4,465	86,642
Inter-segment sales	(2,256)	–	(2,256)
External sales and rental income	79,921	4,465	84,386
Segment results	(4,076)	(889)	(4,965)
Goodwill impairment	(4,630)	–	(4,630)
Interest income	899	243	1,142
Interest expense	(3)	–	(3)
Income tax credit	448	57	505
Loss after tax	(7,362)	(589)	(7,951)
Segment results include the following items:			
Provision for inventory write-down	(3,115)	(135)	(3,250)
Allowance for trade receivables	(1,692)	(229)	(1,921)
Segment assets	180,112	13,290	193,402

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

33. SEGMENT INFORMATION (Continued)

	Singapore $'000	Malaysia $'000	Total $'000
Financial year ended 30 June 2015			
Segment liabilities	6,547	417	6,964
Tax liabilities	–	5	5
Borrowings	408	–	408
Total liabilities	6,955	422	7,377
Other segment items			
Capital expenditure	8,889	1	8,890
Depreciation of investment properties and property, plant and equipment	1,620	45	1,665
Financial year ended 30 June 2014			
Total revenue and rental income	111,455	9,772	121,227
Inter-segment sales	(3,938)	–	(3,938)
External sales and rental income	107,517	9,772	117,289
Segment results	2,870	227	3,097
Interest income	905	177	1,082
Interest expense	(17)	(6)	(23)
Income tax expense	(498)	(107)	(605)
Profit after tax	3,260	291	3,551
Segment results include the following items: (Allowance)/write-back for trade receivables	(74)	12	(62)
Segment assets	203,196	12,927	216,123
Segment liabilities	13,005	505	13,510
Tax liabilities	660	180	840
Borrowings	848	–	848
Total liabilities	14,513	685	15,198
Other segment items			
Capital expenditure	12,368	8	12,376
Depreciation of investment properties and property, plant and equipment	1,641	49	1,690

Revenue and rental income from external customers based on location of customers for each customer-based geographical information is as follows:

	2015 $'000	2014 $'000
Singapore	**58,624**	71,026
Malaysia	**11,384**	16,399
Other South East Asian countries	**9,954**	25,119
Other countries	**4,424**	4,745
	84,386	117,289

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015
continued

33. SEGMENT INFORMATION (Continued)

Business information

	Steel products trading $'000	General hardware $'000	Property investment $'000	Total $'000
Financial year ended 30 June 2015				
External sales and rental income	76,215	7,440	731	84,386
OTHER INFORMATION				
Total assets	150,502	7,059	35,841	193,402
Capital expenditure	106	93	8,691	8,890
Total assets include the following:				
Non-current assets	44,051	381	34,130	78,562
Financial year ended 30 June 2014				
External sales and rental income	109,536	7,032	721	117,289
OTHER INFORMATION				
Total assets	182,147	6,892	27,084	216,123
Capital expenditure	87	212	12,077	12,376
Total assets include the following:				
Non-current assets	47,723	358	25,542	73,623

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2015 or later periods and which the Group has not early adopted.

The management does not expect that the adoption of these accounting standards or interpretations will have a material impact on the Group's financial statements.

35. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Hupsteel Limited on 25 September 2015.

STATISTICS OF SHAREHOLDINGS

As at 23 September 2015

Issued and fully paid-up capital	:	$107,485,000.00
No. of ordinary shares (excluding Treasury shares)	:	616,777,610
Class of shares	:	Ordinary shares fully paid with equal voting rights
Voting rights	:	One vote per share
No. of Treasury Shares	:	10,593,000

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	55	0.71	1,142	0.00
100 – 1,000	488	6.26	203,902	0.03
1,001 – 10,000	3,976	51.03	18,533,640	3.01
10,001 – 1,000,000	3,229	41.45	165,157,320	26.78
1,000,001 AND ABOVE	43	0.55	432,881,606	70.18
TOTAL	**7,791**	**100.00**	**616,777,610**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HENNFA INVESTMENTS PTE LTD	93,015,000	15.08
2	LIM PUAY KOON	36,202,500	5.87
3	LIM BOH CHUAN	36,200,250	5.87
4	LIM KIM THOR	34,404,900	5.58
5	LIM YEE KIM	32,379,750	5.25
6	LIM KIM HOCK	32,047,650	5.20
7	LIM ENG CHONG	22,602,150	3.66
8	LIM BEO PENG	13,403,550	2.17
9	DBS NOMINEES (PRIVATE) LIMITED	13,347,920	2.16
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	12,702,720	2.06
11	LIM KOK SENG	8,324,175	1.35
12	LIM HAN LEONG	8,271,675	1.34
13	TAN LEAN CHOO	7,302,825	1.18
14	KIM SENG HOLDINGS PTE LTD	6,646,250	1.08
15	LOW CHOON KIAT PAUL	5,005,000	0.81
16	KOH BOON HWEE	5,000,000	0.81
17	JOE LIM KIM SAN	4,855,900	0.79
18	UOB KAY HIAN PRIVATE LIMITED	4,760,930	0.77
19	SIMON SEAH SEOW KEE	4,378,000	0.71
20	TAN AH HUAT	4,041,250	0.66
	TOTAL	**384,892,395**	**62.40**

STATISTICS OF SHAREHOLDINGS

As at 23 September 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
Hennfa Investments Pte Ltd[3]	93,015,000	15.08	–	–
Lim Puay Koon[1][2]	36,202,500	5.87	93,015,000	15.08
Lim Boh Chuan[1][2]	36,200,250	5.87	93,015,000	15.08
Lim Yee Kim[2]	32,379,750	5.25	93,015,000	15.08
Lim Kim Thor[2][3]	34,404,900	5.58	93,195,000	15.11
Lim Kim Hock[2][3]	32,047,650	5.20	93,015,000	15.08
Lim Eng Chong[2][3]	22,602,150	3.66	93,015,000	15.08
Yee Kim Holdings Pte. Ltd.[2]	–	–	93,015,000	15.08
Pey Choi[2]	–	–	93,015,000	15.08

Notes:

(1) Messrs Lim Boh Chuan and Lim Puay Koon are brothers. Together, they hold 28.50% of the voting shares in Hennfa Investments Pte Ltd ("Hennfa").

(2) Hennfa is an investment holding company which is 23.54% owned by Yee Kim Holdings Pte. Ltd. ("YKH"). YKH is a business management and consultancy services company which is held equally by Messrs Lim Yee Kim and Pey Choi. Pey Choi is the spouse of Lim Yee Kim. By virtue of Section 7 of the Companies Act, Cap. 50, YKH is deemed interested in the shares of Hennfa. The other shareholders of Hennfa are Pit Hong Holdings Pte. Ltd., Lim Kim Thor, Lim Kim Hock, Lim Eng Chong, Lim Boh Chuan and Lim Puay Koon, each of whom holds less than 20% of the shareholdings in Hennfa.

(3) Messrs Lim Kim Hock, Lim Kim Thor and Lim Eng Chong are brothers and together they hold 38.27% of the voting shares in Hennfa.

PERCENTAGE OF SHAREHOLDING HELD BY PUBLIC

Based on the information available to the Company as at 23 September 2015, approximately 45.06% of the issued ordinary shares of the Company are held by the public & therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

HUPSTEEL LIMITED
(Company Registration No. 197301452D)
(Incorporated in Singapore with limited liability)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of HUPSTEEL LIMITED ("the Company") will be held at 116 Neythal Road Singapore 628603 on Thursday, 29 October 2015 at 3.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2015 together with the Auditors' Report thereon.

(Resolution 1)

2. To declare a one-tier tax-exempt final dividend of 0.1 Singapore cent per share for the year ended 30 June 2015 (2014: 1 Singapore cent per share).

(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Article 88 of the Articles of Association of the Company:

Mr Chan Kam Loon, Philip **(Resolution 3)**
Mr Lim Beo Peng **(Resolution 4)**

Mr Chan Kam Loon, Philip will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee, and a member of the Remuneration Committee and will be considered independent.

Mr Lim Beo Peng will, upon re-election as Director of the Company, remain as a member of the Executive Committee and will be considered non-independent.

4. To re-appoint PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 5)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

6. **Payment of directors' fees for the financial year ending 30 June 2016**

That the Directors' fees of S$248,000 for the financial year ending 30 June 2016 be approved and payable quarterly in arrears (2015: S$248,000).

(Resolution 6)

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

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

NOTICE OF ANNUAL GENERAL MEETING

(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 of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company 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 shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)]

(Resolution 7)

By Order of the Board

Low Geok Eng Susie
Secretary
Singapore, 14 October 2015

NOTICE OF **ANNUAL GENERAL MEETING**
continued

Explanatory Notes:

(i) The Ordinary Resolution 7 in item 7 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A Member 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. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 116 Neythal Road Singapore 628603 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Note: *Due to the stringent traffic enforcement against waiting vehicles at MRT station, the Company will only arrange transport to bring shareholders to Lakeside MRT at 4.30 pm or therebout after the conclusion of the meeting. Alternatively, shareholders can take bus service No. 252 to/from Boon Lay Bus Interchange and align/board at bus-stop along International Road.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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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HUPSTEEL LIMITED

Company Registration No. 197301452D
(Incorporated in The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, _____ NRIC/Passport No./Co. Reg. No. _____

of _____

being a member/members of HUPSTEEL LIMITED (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 29 October 2015 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will or any other matter arising at the meeting and at any adjourment thereof.

No.	**Resolutions relating to:**	**Number of Votes For**(1)	**Number of Votes Against**(1)
1	Directors' Report and Audited Accounts for the year ended 30 June 2015		
2	Payment of proposed one-tier tax-exempt final dividend		
3	Re-election of Mr Chan Kam Loon, Phillip as a Director		
4	Re-election of Mr Lim Beo Peng as a Director		
5	Re-appointment of PricewaterhouseCoopers LLP as Auditors		
6	Approval of Directors' fees amounting to S$248,000 for year ending 30 June 2016		
7	Authority to issue shares		

(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 _____ 2015

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

_____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. 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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 October 2015.

General:

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 Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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HUPSteel Limited

COMPANY REGISTRATION NUMBER: 197301452D

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