



# SUSTAINABILITY



This annual report has been prepared by the Advanced Systems Automation Limited (the "Company") and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Canaccord Genuity Singapore Pte. Ltd. has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Mr Tee Chun Siang, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.

# annual 2015 report

ADVANCED SYSTEMS      AUTOMATION LIMITED



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Advanced Systems Automation Limited (“ASA” or the “Group”) entered the semiconductor industry in 1986. Its core business lies in manufacturing automated equipment for the encapsulation of semiconductors. Today, ASA’s encapsulation equipment are used by semiconductor assembly processes around the world.

In 1997, ASA embarked into developing the world’s first total backend inline equipment solution. Thereafter, in 2000, through further development, it successfully launched the Solder Ball placement and the Saw Singulation and Sort machines. These equipment were designed for the Ball Grid Array packages, which were then experiencing rapid growth. In 2003, a high speed Flip Chip bonder was introduced to the market and this design won the Advanced Packaging Award that year.

On 16 August 2006, ASA was acquired by ASTI Holdings Limited (“ASTI”), becoming a part of the latter’s Backend Equipment Solutions & Technologies (“BEST”) business cluster. Today, the Group prides itself as a world-class manufacturer of automated backend equipment for the semiconductor assembly process. Its equipment are sold globally to major semiconductor manufacturers.

Another core business segment within ASA is its Equipment Contract Manufacturing Services (“ECMS”) unit. This division manufactures electromechanical components and parts for the semiconductor, healthcare and scientific industries. In 2013, the Group expanded its competency and skillset in this business segment through the acquisition of ASA Multiplate (M) Sdn. Bhd. and Emerald Precision Engineering Sdn. Bhd.

For more information, please visit our website at [www.asa.com.sg](http://www.asa.com.sg)

# LETTER TO **SHAREHOLDERS AND OPERATIONS REVIEW**



*“We will continue to review our operations vis-a-vis the current changed strategic outlook, and modify our business plans accordingly. We had done and will continue to cut our cost down for the remainder of the year.”*

*Dear Shareholders,*

We had set out on a positive note at the beginning of 2015. After expanding the group’s presence geographically while strengthening the balance sheet and increasing our technical prowess, we added management resources that would take us to a position of strategic growth. We were set on a trajectory that was aligned with the global economic direction - China and ASEAN growth. Then the conditions suddenly dramatically took a turn for the worse in the second half of 2015. China slowed down significantly, the slowest rate of growth in a quarter century. The Chinese stock market crashed and the RMB depreciated. The global economy slowed, oil price collapsed, and the Ringgit Malaysia depreciated steeply, exacerbated by the Malaysian political drama. Some of these circumstances affected ASA’s operations, businesses and assets which are mainly located in China and Malaysia. While we set out looking for sunshine, it ended up pouring in the worst of unexpected anticipation.

## ASA OPERATIONS REVIEW

### INCOME STATEMENT

As compared to FY2014, the Group saw 31% decline in revenue in the twelve months ended 31 December ("FY") 2015. Revenues of Equipment business and Equipment Contract Manufacturing Services ("ECMS") business declined 22% and 34% respectively, mainly due to lower customers' demands in view of weaker economic conditions.

Gross profit margin ("GPM") in FY2015 was lower by 15 percentage points ("ppt") as compared to FY2014. GPM of the Equipment business in FY2015 was 3ppt higher as compared to FY2014 while GPM of the ECMS business in FY2015 was 21ppt lower as compared to FY2014 due to fixed overhead costs and lower sales in FY2015.

Selling and marketing ("S&M") costs in FY2015 were 3% lower as compared to FY2014. S&M costs incurred by the ECMS business in FY2015 were 10% lower as compared to FY2014, due to the reallocation of certain marketing personnel from ECMS business to Equipment business. S&M costs incurred by the Equipment business in FY2015 were 9% higher as compared to FY2014.

Research & development ("R&D") costs in FY2015 were 55% higher than the amount incurred in

FY2014. This was due to increased R&D activities undertaken for the expanded product portfolio of the Equipment business.

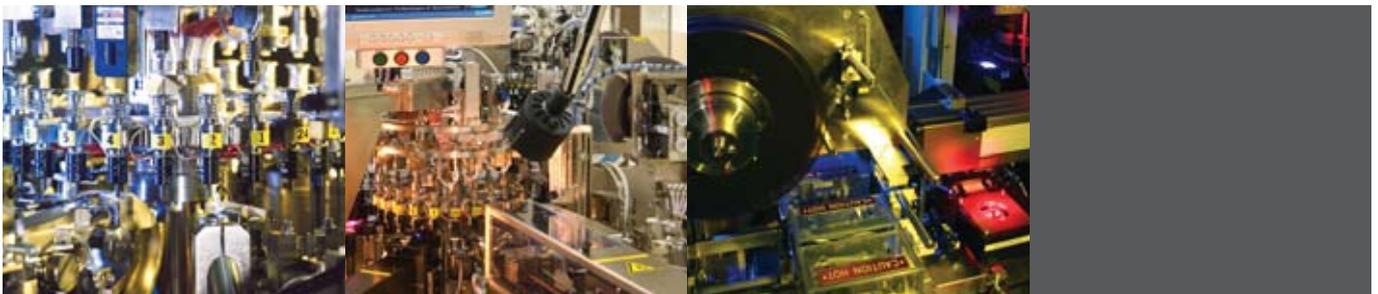
General and administrative ("G&A") costs in FY2015 were 18% higher as compared to FY2014. G&A costs in FY2015 increased due to the recruitment of new senior management personnel in late year 2014 for the ECMS business.

Finance costs incurred in FY2015 were 20% higher as compared to FY2014, mainly due to higher interest payments to the holding company, ASTI Holdings Limited, for increased loans advanced to the Group.

Depreciation of property, plant and equipment increased in FY2015 due to additional purchase of property, plant and equipment in FY2015.

Exceptional items amounted to S\$9.8 million due to impairment losses on property, plant and equipment and goodwill as a result of the weaker business environment. The goodwill arose from the acquisition of ASA Multiplate (M) Sdn Bhd in September 2013.

The Group reported a net loss attributable to owners of the Company of S\$17.0 million in FY2015 as compared to a lower net loss of S\$1.1 million in FY2014.



# LETTER TO **SHAREHOLDERS AND OPERATIONS REVIEW**

## **BALANCE SHEET**

Intangible assets decreased mainly due to a S\$1.7 million impairment of goodwill. The value of intangible assets also declined due to amortisation of customer relationships, impairment loss on a club membership and the fluctuating asset values due to the volatility of Ringgit Malaysia.

Property, plant and equipment ("PPE") decreased mainly due to a S\$8.1 million impairment on the assets. Depreciation charges recognised during the year and the fluctuating asset values due to the volatility of Ringgit Malaysia also caused the decrease in PPE as major portion of the Group's PPE is denominated in this currency. The decline in PPE was partially offset by additional purchases made during the year.

Inventories decreased due to lesser inventory purchases in view of lower customers' demands in FY2015.

Trade receivables decreased due to lower sales billings in 2015.

Payables and accruals decreased mainly due to lower inventory purchases in FY2015.

Amount due to lease creditors as well as loans and borrowings decreased due to repayment during the year.

Amounts due to holding company include funding from the holding company for the working capital requirements of the Group.

As at 31 December 2015, the Group had net current assets of S\$2.2 million and total shareholders' equity of S\$2.2 million.

## **CASH FLOWS**

Cash flows used for the Group's operations in FY2015 amounted to S\$2.5 million. This was mainly due to the operating loss for the year, partly offset by an improvement in working capital. Amounts paid for interests and taxes amounted to S\$0.9 million. A net amount of S\$0.9 million was used in investing activities, mainly for the purchase of property, plant and equipment. An amount of S\$3.4 million loan was extended by the holding company for working capital requirements of the Group. A total of S\$1.8 million was repaid to lease creditors and financial institutions.



## OUTLOOK

The China slowdown may be structural and may not return to past growth rates. The depreciation of Ringgit Malaysia had affected the value of our assets, but we believe the fundamental ASEAN growth story is still in place. While we believe our businesses' recovery and growth are already in progress, we decided to embrace utmost prudence to provision and impair a total amount of S\$9.8m. We will continue to review our operations vis-a-vis the current changed strategic outlook, and modify our business plans accordingly. We had done and will continue to cut our cost for the remainder of the year. While the economic earthquake was substantial and the landscape had changed, we will continue to pursue the commercial decisions that serve in the best interests of our stakeholders as we move forward.

It is important to note that our business is prone to economic uncertainties and the cyclical nature of the electronics and semiconductor industries. Unforeseeable factors include but are not limited to foreign exchange volatility, intellectual property litigations, product and technology obsolescence, and inventory adjustments. In view of these factors, we will remain prudent and cautious in the management of our businesses.

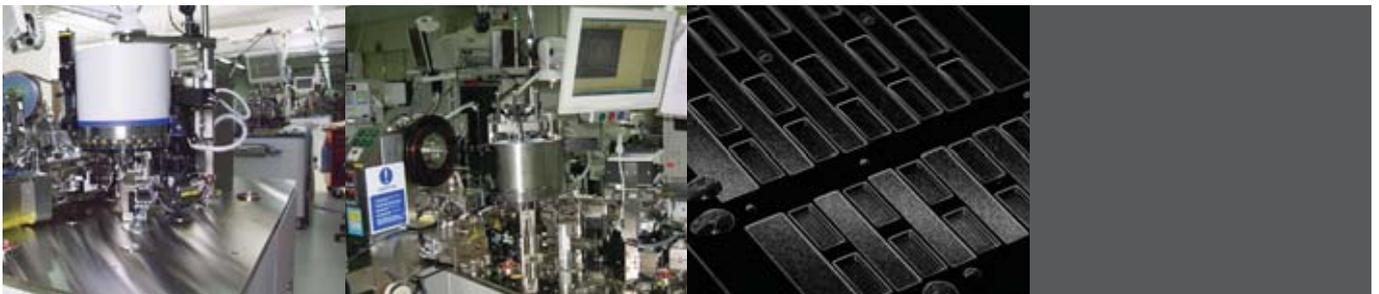
## IN APPRECIATION

I would like to thank all of our shareholders, customers, employees, and business associates for their trust and confidence in ASA. I look forward to your support in the new financial year as we set a recovery and growth plan for our ECMS and Equipment businesses, and continue to seek opportunities where we can expand our skillsets and presence in our target markets.

Yours sincerely,

**DATO' MICHAEL LOH**

Executive Chairman and Chief Executive Officer



# BOARD OF DIRECTORS



**Dato' Michael Loh Soon Gnee, 60**  
Executive Chairman  
and Chief Executive Officer

*Bachelor of Science  
Double Major in Business Economics  
& Chemical Engineering  
State University of New York, Buffalo,  
USA*

Dato' Loh has a distinguished career in the semiconductor industry. He brings with him close to 40 years of knowledge and experience in wafer fabrication, research and development and assembly, testing and distribution of semiconductor products. Having spent 20 years in Silicon Valley, USA, Dato' Loh has abundant practical business experiences and a vast network of contacts in the semiconductor industry.

Dato' Loh is also the Executive Chairman and Chief Executive Officer of the SGX-Mainboard-listed ASTI Holdings Limited and Dragon Group International Limited, as well as the Chief Executive Officer of Dragon Technology Distribution Pte. Ltd.

#### Current Listed Companies' Directorships

- Advanced Systems Automation Limited
- ASTI Holdings Limited
- Dragon Group International Limited

#### Past 3 Years Listed Companies' Directorships

- None



**Dato' Khor Gark Kim, 74**  
Lead Independent Director  
Remuneration Committee Chairman

*A Graduate in Mathematics  
with a Diploma in Education,  
Universiti Malaya*

Dato' Khor is a retired politician in Malaysia. From 1974 to 1986, he served 3 consecutive terms as an assembly man for the Tanjong Bunga constituency in Penang. Other offices that Dato' Khor held included his term as Political Secretary to the Chief Minister, Exco Member for Housing, Exco Member for Public Works and acting Chief Minister of Penang. Among his many accomplishments is the establishment of the Penang Art Centre, a centre to promote creative work and exhibition. He has also lectured and written publications on socio-political issues relating to overseas Chinese.

Dato' Khor graduated from Universiti Malaya in 1965. A Mathematics graduate with a Diploma in Education, he taught Mathematics for ten years and co-authored eleven Mathematics books published by Oxford University Press.

#### Current Listed Companies' Directorships

- Advanced Systems Automation Limited

#### Past 3 Years Listed Companies' Directorships

- None



**Dr Kenneth Yu Keung Yum, 68**  
Independent Director  
Nominating Committee Chairman

*PhD Electrical Engineering and Applied Physics, Stanford University*

Dr Yu brings with him over 35 years of experience from the areas of technology, product design and management. He had spent 16 years with Lattice Semiconductor Corp during which he started and managed a subsidiary company in Shanghai, China.

An expert in all facets of semiconductor equipment and technologies, Dr Yu has done memory and ASIC designs and is familiar with applications ranging from PLDs, processors, telephony ICs to CCD imagers. He is the co-author of 25 technical articles and owner of 8 patents.

Dr Yu's present interest is developing the technology to operate a generalized IoT network seamlessly, and to apply Big Data Analytic to sensor data collected by IoT networks.

**Current Listed Companies' Directorships**

- Advanced Systems Automation Limited
- Dragon Group International Limited

**Past 3 Years Listed Companies' Directorships**

- None



**Mr Mohd. Sopiyan B. Mohd. Rashdi, 54**  
Independent Director  
Audit Committee Chairman

*Chartered Accountant, Malaysian Institute of Accountants Malaysia (MIA:7391)  
Degree in Accountancy, University iTM, Malaysia*

Mr Mohd. Sopiyan brings with him a wealth of experience from his previous employment with Maybank Finance Bhd, Bank Negara Malaysia, Edaran Digital System Bhd Group of Companies and Financial Advisory Services where he was responsible for the accounting, financial, corporate finance, budgeting, treasury management and tax matters.

During his tenure with Bank Negara, he was attached to the Bank's regulatory department which oversees and monitors financial institutions. He was subsequently seconded to TPU Sdn Bhd, a company formed by Bank Negara to restructure and rehabilitate companies facing financial problems during the recession in the 1980s.

Mr Mohd. Sopiyan was the Chief Executive Officer of PT Dragon Terra Venture, a company involved in capital market activities including corporate finance and fund raising exercises in Indonesia. Currently, Mr Mohd. Sopiyan is the Chief Executive Officer or President Director of PT Scan Nusantara, a company involved in ICT Infrastructure & Security Services provider in Indonesia since June 2014.

**Current Listed Companies' Directorships**

- Advanced Systems Automation Limited
- Dragon Group International Limited

**Past 3 Years Listed Companies' Directorships**

- Wintoni Group Berhad



**Dr Tan Jok Tin, 64**  
Independent Director

*Chartered Engineer, Fellow of the Institution of Engineering & Technology (UK)  
Senior Member, Institute of Electrical and Electronics Engineers (USA)  
Master of Business Administration, University of Strathclyde  
Doctorate, Brunel University*

Dr Tan is the Senior Advisor of China Aerospace Communication Holding Co. Ltd, a China state-owned company. He was CEO and Managing Director of Sang Fei Communications Co., Ltd, another China state-owned company till end 2013. Prior to joining Sang Fei, Dr Tan had a distinguished career at Royal Philips Electronics in leadership roles for Professional Products and Systems, Telecommunication and Data Systems, Defense and Control Systems, Business Electronics and Consumer Electronics divisions. His appointments with Royal Philips Electronics included Vice President, Chief Technology Officer and Member of Global Management Team, as well as Regional CEO and Managing Director responsible for various businesses in the Asia Pacific region.

Dr Tan is Board Member and Independent Director as well as ERRC Chairman of Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd, Advisory Panel Member of Asia Pacific Countertrade Association; Fellow of The Chartered Institute of Marketing, UK and Member of Singapore Institute of Directors. He attended the Mastering Trade Policy Program at Harvard Kennedy School of Government.

**Current Listed Companies' Directorships**

- Advanced Systems Automation Limited

**Past 3 Years Listed Companies' Directorships**

- None



# KEY MANAGEMENT

## **Mr Timothy Lim**

*Group Administrative Officer*

Mr Lim brings with him close to 30 years of experience in the regional semiconductor industry. As the Group Administrative Officer, he is responsible for the Administrative, Human Resource and Legal operations of the Group including that of its holding company, ASTI Holdings Limited and associated company, Dragon Group International Limited. Prior to this, Mr Lim has held various positions during his career including sales and management. Mr Lim holds a Diploma in Sales and Marketing from CIMUK.

## **Mr Chee Kim Huei**

*Vice President, Finance*

Mr Chee joined the Group in 2000 and has over 20 years of experience. He is overall in-charge of the Group's Finance Department, and is currently also the Vice President, Finance of ASTI Holdings Limited and Dragon Group International Limited. Mr Chee was from Ernst and Young prior to joining the Group. He holds a Bachelor of Accountancy from the Nanyang Technological University, Singapore. He is also a member of the Institute of Singapore Chartered Accountants.

## **Mr Loh Choon Piew**

*Vice President and General Manager,  
ECMS Operations*

Mr Loh graduated from the University of East Anglia, Norwich, UK in Mathematics with Computing in 1983. Prior to joining ASA in Dec. 2014, he served in various industries and was the Operations Director at Coraza Systems, a company specializing in precision metal fabrication. Mr Loh brings with him vast experience in operational, trade and industry, metal and precision industry and business development.

## **Dato' Ben Loh Choon Khiang**

*Vice President, Business Development, ECMS*

Dato' Ben Loh brings with him over 20 years of experience in various industries such as paper packaging, metal fabrication and sheets metal. Prior to joining Microfits, Dato' Ben Loh was a businessman and served as Director of various Malaysian companies such as R-Plus Technology, Megatouch, CSH-Prime Packaging, Coraza Systems as well as a former Executive Director of a Malaysian public listed company, KBB Berhad, now known as EKA Berhad.

## **Mr Rurando Steven Tan**

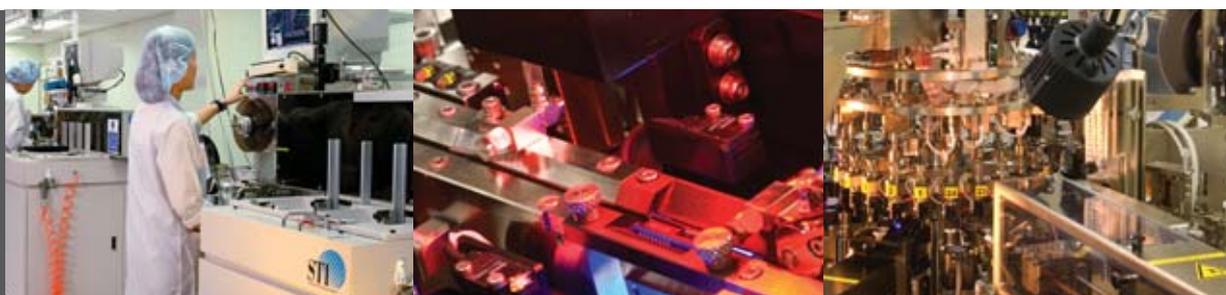
*Vice President,  
Engineering & Operations of Microfits*

Mr Tan has accumulated 37 years of experience in the semiconductor and electronics industry spanning across a wide range of industries including engineering developments, automation system, developing IC manufacturing process engineering & implementation of system maintenance, engineering research & developments and design configuration. Prior to joining Microfits, Mr Steven Tan was the managing director of Euro Technology Pte Ltd, a company he founded which focused on conceptualized design, research & development by applying the German technology engineering and instrumental the state of art technology for the front of lines machinery to support the semiconductor, electronics and the LED industry.

## **Mr Sunny Tan**

*Chief Executive Officer, ASA Multiplate*

Mr Tan joined the Group in 2011 and is now the Chief Executive Officer of ASA Multiplate. He is responsible for the new business development, sales, finance and operations of ASA. Prior to joining ASA Multiplate, Mr Tan was the business development manager and general manager of two other technology companies.



# FINANCIAL HIGHLIGHTS

<b>RESULT OF OPERATIONS</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>STATEMENT OF THE GROUP RESULTS</b>			
Revenue	21,354	34,827	24,066
Adjusted EBITDA*	(1,604)	1,602	(5,377)
Loss before income tax	(2,188)	(643)	(18,193)
Income tax	(109)	(407)	231
<b>Loss for the year</b>	<b>(2,297)</b>	<b>(1,050)</b>	<b>(17,962)</b>
<b>Attributable to:</b>			
Owners of the Company	(2,282)	(1,068)	(17,037)
Non-controlling interests	(15)	18	(925)
	<b>(2,297)</b>	<b>(1,050)</b>	<b>(17,962)</b>
Loss per share (cents)	(0.15)	(0.06)	(0.65)
<b>FINANCIAL POSITION OF THE GROUP</b>			
Intangible assets	2,519	2,278	60
Property, plant and equipment	14,847	12,303	2,045
Deferred tax assets	131	94	157
Current assets	18,606	20,696	14,102
Non-current assets held for sale	-	2,215	1,904
<b>Total assets</b>	<b>36,103</b>	<b>37,586</b>	<b>18,268</b>
Equity attributable to owners of the Company	16,746	19,764	2,763
Non-controlling interests	1,313	282	(613)
	18,059	20,046	2,150
Non-current liabilities	2,450	1,996	2,340
Current liabilities	15,594	15,544	13,778
<b>Total Equity and Liabilities</b>	<b>36,103</b>	<b>37,586</b>	<b>18,268</b>
NAV per share (cents)	0.95	0.75	0.10
Weighted average number of shares in the year	1,570,004,150	1,930,779,802	2,637,354,343
Number of shares (excluding treasury shares) as at end of year	1,759,057,124	2,637,354,343	2,637,354,343
<b>REVENUE AND PROFITABILITY</b>			
Analysis by Activities			
<b>Revenue</b>			
Equipment	7,468	7,822	6,118
ECMS	13,886	27,005	17,948
	<b>21,354</b>	<b>34,827</b>	<b>24,066</b>
<b>(Loss)/profit before tax</b>			
Equipment	(2,323)	(1,750)	(3,291)
ECMS	(161)	1,123	(14,960)
Share of results of associates	93	-	-
Adjustment & Elimination	203	(16)	58
	<b>(2,188)</b>	<b>(643)</b>	<b>(18,193)</b>

\* Adjusted EBITDA = earnings before interest, taxes, depreciation, amortisation, and exceptional items

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Dato' Michael Loh Soon Gnee  
*Executive Chairman and  
Chief Executive Officer*

Dato' Khor Gark Kim  
*Lead Independent Director*

Dr Kenneth Yu Keung Yum  
*Independent Director*

Mohd. Sopiyan B. Mohd. Rashdi  
*Independent Director*

Dr Tan Jok Tin  
*Independent Director*

## AUDIT COMMITTEE

Mohd. Sopiyan B. Mohd. Rashdi  
*Chairman*

Dr Kenneth Yu Keung Yum  
Dato' Khor Gark Kim

## NOMINATING COMMITTEE

Dr Kenneth Yu Keung Yum  
*Chairman*

Dato' Khor Gark Kim  
Mohd. Sopiyan B. Mohd. Rashdi

## REMUNERATION COMMITTEE

Dato' Khor Gark Kim  
*Chairman*

Dr Kenneth Yu Keung Yum  
Mohd. Sopiyan B. Mohd. Rashdi

## COMPANY SECRETARIES

Nancy Quek Sok Cher  
Theng Searn Por

## EXECUTIVE OFFICERS

Mr Timothy Lim  
*Group Administrative Officer*

Mr Chee Kim Huei  
*Vice President, Finance*

Mr Loh Choon Piew  
*Vice President and General Manager,  
ECMS Operations*

Dato' Ben Loh Choon Kiang  
*Vice President,  
Business Development, ECMS*

Mr Rurando Steven Tan  
*Vice President,  
Engineering & Operations of Microfits*

Mr Sunny Tan  
*Chief Executive Officer, ASA Multiplate*

## REGISTERED OFFICE

Blk 25 Kallang Avenue, #02-01  
Kallang Basin Industrial Estate  
Singapore 339416  
Tel: (65) 6309 5500  
Fax: (65) 6292 2067

## SPONSOR

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77 Robinson Road, #21-02  
Singapore 068896  
Tel: (65) 6854 6150  
Fax: (65) 6854 6151

## BUSINESS OFFICE

Blk 25 Kallang Avenue, #02-01  
Kallang Basin Industrial Estate  
Singapore 339416  
Tel: (65) 6309 5500  
Fax: (65) 6292 2067

## SHARE REGISTRAR

Boardroom Corporate & Advisory  
Services Pte. Ltd.  
50 Raffles Place, #32-01  
Singapore Land Tower  
Singapore 048623  
Tel: (65) 6536 5355  
Fax: (65) 6536 1360

## INDEPENDENT AUDITOR

Ernst & Young LLP  
Public Accountants and Chartered  
Accountants  
One Raffles Quay  
North Tower, Level 18  
Singapore 048583

## Audit Partner-in-charge:

Tham Chee Soon  
(since the financial year ended  
31 December 2011)

## PRINCIPAL BANKER

Malayan Banking Berhad  
United Overseas Bank Limited



# APPENDIX 1

Advanced Systems Automation Limited | ANNUAL REPORT 2015

## CORPORATE GOVERNANCE REPORT

# CORPORATE GOVERNANCE REPORT

Year ended 31 December 2015

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The board of directors (the “**Board**” or “**Directors**”) of Advanced Systems Automation Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is committed to maintaining a high standard of corporate governance in complying with the Singapore Code of Corporate Governance 2012 (“**CCG**” or the “**Code**”) which forms part of the continuing obligations of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (**SGX-ST**). The Group has materially complied with all principles and guidelines set out in the Code. In areas where the Company deviates from the Code, the rationale is provided. The Board views the adherence of such corporate governance practices as key to discharging its duties to protect and enhance shareholder value and the financial performance of the Group.

This Corporate Governance Report (“**Report**”) describes the corporate governance practices of the Group that were in place throughout the financial year ended 31 December 2015 (“**FY2015**”) with reference to the principles and guidelines set out in the Code, which the Company has materially complied with.

## BOARD MATTERS

### Principle 1: The Board’s Conduct of Affairs

The Company is headed by an effective Board which leads and controls the Company. The main role and responsibility of the Board is to oversee the business affairs of the Company and to set broad policies, strategies and goals for the Company and the Group. The Board is involved in the approval of annual budgets and the management’s investment and divestment decisions. The Board is accountable to the shareholders of the Company (the “**Shareholders**”) while the management (the “**Management**”) is accountable to the Board.

The Board endeavours to provide Shareholders with balanced and understandable assessments of the Group’s performance and position on a regular basis through the release of quarterly and annual results announcements and updates, where applicable.

The principal functions of the Board include the following:

- providing entrepreneurial leadership, setting strategic aims and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of Shareholders’ interests and the Group’s assets;
- overseeing the processes for risk management, financial reporting and compliance as well as evaluating the adequacy of internal controls;
- approving annual budgets, major funding proposals, as well as investment and divestment proposals of the Group;
- reviewing management performance, approving the nominations to the Board and the appointments of key personnel, as may be recommended by the Nominating Committee (the “**NC**”);
- identifying the key stakeholder groups and recognising that their perceptions affect the Group’s reputation;
- appointing the Group’s Chief Executive Officer, and reviewing and endorsing the framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee (the “**RC**”);
- considering sustainability issues such as environmental and social factors, as part of the Group’s strategic formulation; and
- setting the Company’s values and standards (including ethical standards) and ensuring that its obligation to Shareholders and other stakeholders are understood and met.

All the Directors exercise due diligence and independent judgement, and make decisions objectively in the best interests of the Group.

The Board holds regular meetings and, to assist it in the execution of its responsibilities, establishes board committees, namely, the NC, the RC and the Audit Committee (the “**AC**”) (collectively, the “**Board Committees**”) to cover specific functions that are delegated from the Board. Each Board Committee has its own terms of references to address its respective area of focus and reports its activities regularly to the Board. Specific descriptions of these Board Committees are set out in this Report. The effectiveness of each Board Committee is also constantly reviewed by the Board.

# CORPORATE GOVERNANCE REPORT

The Group has adopted and documented internal guidelines setting forth matters that require the Board's approval. The types of material transactions and matters that require the Board's approval under such guidelines are listed below:

- strategies and objectives of the Group;
- announcements of quarterly and full year results and release of annual reports;
- issuance of shares;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- investment and divestments;
- acquisitions and disposals;
- commitments to terms loans and lines of credits from banks and financial institutions; and
- interested person transactions.

Apart from the matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Management so as to optimise operational efficiency.

For the appointment of new Director, the Company will provide a formal letter to the Director, setting out, amongst other, his duties and obligations. The Company will put all new Directors through an orientation programme to update them with all information necessary for the Director to understand the Company's structure, businesses and governance practices. Depending on specific requirements, new Directors may be sent for trainings and/or seminars to acquaint them on Directors' duties and compliance with the relevant bodies of law and regulations in the performance of their duties. On an on-going basis, the Company will provide necessary updates on the Group and its business to the Directors, including any changes in legislation or regulations that may impact the Company's conduct of its business or affect the Directors' discharge of their duties to the Company. All Directors are encouraged to receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. Additional trainings will be arranged and funded, as and when necessary, for the Directors. The NC reviews and makes recommendations on the training and professional development programs to the Board.

## **Principle 2: Board Composition and Balance**

### **Board Composition**

The Board presently comprises five (5) Directors, four (4) of whom are Independent Directors. There is therefore a strong independent element on the Board, with independent directors making up at least one-third of the Board and the Code's recommendations that, where the Chairman and the Chief Executive Officer ("CEO") is the same person, Independent Directors make up at least half of the Board has been fulfilled.

The Board comprises Directors who as a group, provides an appropriate balance and diversity of skills, experience and knowledge of the Group, as well as core competencies in accounting and finance, business and management expertise, industry knowledge, strategic planning experience and customer-related knowledge. The profiles of each of the Directors are set out on pages 6 to 7 of the Annual Report for FY2015.

Non-Executive Directors have participated actively to help to develop and challenge proposals concerning the Group's strategy, business and corporate affairs. They have also reviewed and monitored the reporting of the performance of the Management in meeting goals and objectives of the Group.

The Board will constantly examine its size and decide what is considered an appropriate size for the Board in order to facilitate effective decision-making. Taking into account the nature and scope of the Group's operations, and the requirements of its near-term business plans, the Board is of the view that its current size and composition are appropriate and believes that it provides sufficient diversity without affecting the effectiveness and efficiency of decision-makings.

# CORPORATE GOVERNANCE REPORT

## Principle 3: Chairman and CEO

Dato' Michael Loh Soon Gnee is the Executive Chairman and acting Group CEO. In the interim, the Chairman had assumed additional responsibilities as the CEO until a suitable CEO is found. The Board is confident that given the Chairman's vast experience and past contributions, he will be able to bring great value to the Group.

The Chairman is responsible for leading the Board to ensure its effectiveness on all aspects of its role, scheduling meetings and setting the meeting agenda in consultation with the Management. He also assumes responsibility for ensuring that the Directors are provided with accurate, adequate, timely and clear information so that they may fulfil their responsibilities.

As a general rule, Board papers are sent to the Directors in advance of any meeting in order for Directors to be adequately prepared for the meeting. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to carry out presentations or attend the Board meetings at the relevant time. In order to promote a culture of openness and debate at the Board, both the Management and the Independent Directors are facilitated to contribute at the Board meetings.

The Chairman is also responsible for ensuring effective communication with Shareholders, encouraging constructive relations between the Board and the Management, and between himself and the Independent Directors. The Chairman also ensures promotion of high standards of corporate governance and compliance at all times.

In view that the Chairman and CEO is the same person, Dato' Khor Gark Kim has been appointed as the Lead Independent Director. Shareholders will be able to consult the Lead Independent Director to address their concerns for which contact through the normal channels of the Chairman or the Vice President, Finance of the Company has failed to resolve or for which such contact is inappropriate.

To facilitate a more efficient check on the Management and the Chairman, the Independent Directors have been encouraged to meet without the presence of the Management and the Chairman at separate occasions. The Lead Independent Director then provides feedback to the Chairman after such meetings.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

## Principle 4: Board Membership

### Board and Committee Appointments

The nature of the Directors' appointments on the Board and details of their respective memberships on the Board Committees are set out below.

Directors	Board Membership	Committee Membership		
		Audit	Nominating	Remuneration
Dato' Michael Loh Soon Gnee	Executive	N.A.	N.A.	N.A.
Dato' Khor Gark Kim	Lead Independent	Member	Member	Chairman
Mohd. Sopiyan B. Mohd. Rashdi	Independent	Chairman	Member	Member
Dr Kenneth Yu Keung Yum	Independent	Member	Chairman	Member
Dr Tan Jok Tin	Independent	N.A.	N.A.	N.A.

The academic and professional qualifications of the Directors are set out in the Directors' Profile on pages 6 to 7 of the Annual Report for FY2015. The shareholdings of each Director are set out in the Directors' Report of the Annual Report for FY2015.

### Attendance at Board and Committee Meetings

The Board meets regularly and as when warranted by particular circumstances, as deemed appropriate by the Board. The Company's Constitution provide for telephonic and video-conference meetings.

# CORPORATE GOVERNANCE REPORT

The frequency of the meetings of the Board and the Board Committees, and the attendance by the Directors for such meetings in FY2015 are set out as follows:

	Board Meeting	Audit Committee	Nominating Committee	Remuneration Committee
Number of Meetings	4	4	1	3
<b>Directors</b>				
Dato' Michael Loh Soon Gnee	4	4*	1*	2*
Dato' Khor Gark Kim	4	4	1	3
Mohd. Sopiyan B. Mohd. Rashdi	4	4	1	3
Dr Kenneth Yu Keung Yum	4	4	1	3
Dr Tan Jok Tin	4	4*	1*	3*

\* By Invitation

## Board Appointments

The NC, comprising three (3) members, makes recommendations to the Board on all Board appointments and re-appointments. All of the members of the NC, including the NC Chairman, are independent. The Lead Independent Director is a member of the NC. The NC Chairman is not a substantial shareholder nor is he directly associated<sup>1</sup> with any substantial shareholder of the Company.

The key terms of reference of the NC include the following:

- review board succession plans for Directors, in particular, the Chairman and the CEO;
- development of a process for evaluation of the performance of the Board, its Board Committees and Directors;
- review of training and professional development programs for the Board;
- appointment and re-appointment of Directors;
- evaluate and determine the independence of the Independent Directors; and
- evaluate whether a Director, with multiple board representations, is able to and has been adequately carrying out his duties as a Director of the Company.

## Process for Selection and Appointment of New Directors

When required, the search and nomination process for new Directors will be through search companies, contacts or recommendations that go through the normal selection process, to cast the net as wide as possible for the right candidate. In the selection and nomination for new Directors, the NC identifies the key attributes that an incoming Director should have, based on attributes of existing Board members and the requirements of the Company. The NC also assesses the suitability of the candidate based on his/her skills, knowledge and experience as well as to ensure he/she is aware of the expectations and the level of commitment required, before recommending the potential candidate to the Board for appointment as Director. Upon review and recommendation of the NC to the Board, new Directors will be appointed by way of passing a board resolution. The Company's Constitution provides that a newly appointed Director during the financial year must retire and submit himself for re-appointment at the Company's Annual General Meeting ("AGM") following his appointment. Thereafter, he is subject to be re-appointed at least once every three years.

## Retirement and Re-election of Directors

The NC is responsible for re-appointment of Directors. In recommending to the Board any re-appointment of the existing Directors, the NC takes into consideration the Directors' contribution and performance (including his or her contribution and performance as an independent director, if applicable) at Board and Board Committee meetings.

<sup>1</sup> A director will be considered 'directly associated' to a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.



# CORPORATE GOVERNANCE REPORT

In its annual review, the NC and the Board, having regard to the guidelines set out in the Code, has confirmed that the independence of the following Directors:-

Dato' Khor Gark Kim	Lead Independent
Mohd. Sopiyan B. Mohd. Rashdi	Independent
Dr Kenneth Yu Keung Yum	Independent
Dr Tan Jok Tin	Independent

Saved as disclosed in this Corporate Governance Report, none of the Directors has served on the Board for more than nine years since their first appointments.

## **Directors' time commitment and multiple directorships**

Although some of the Directors have multiple Board representations, the NC is satisfied that each Director is able to and has devoted adequate time and attention to the affairs of the Company to fulfil his duties as a Director of the Company.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. The guideline provides that, as a general rule, each Director should hold no more than ten listed company board representations. The guideline includes the following:

- (a) Directors must consult the Chairman of the Board and the Chairman of the NC prior to accepting any new appointments as directors and other principal commitments; and
- (b) in support of their candidature for directorship or re-appointment, Directors are to provide the NC with details of the board appointment and other principal commitments and an indication of the time involved.

The NC determines annually whether a director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. For FY2015, the directorships for each Director did not exceed the Company's guideline for maximum listed company board representations and that the Directors have discharged their duties adequately.

There is no appointment of alternate director in FY2015.

Key information regard the Directors such as academic, professional qualifications, shareholding in the Company and its related corporations, board committees served on (as a member or Chairman), directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments is disclosed in the "Board of Directors" and "Directors' Report" sections of the Annual Report of FY2015.

## **Principle 5: Board Performance**

In accordance with the terms of reference of the NC as approved by the Board, the NC has adopted a system for assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

All the Directors will assess the effectiveness of the Board as a whole. There is also a system of peer assessment of each Director by their fellow Directors at least annually. These peer assessments are collated by the NC and are taken into account when the NC assesses the results and makes recommendation to the Board on the effectiveness of the Board, and whether the retiring Directors are suitable for re-election/re-appointment. In making these assessments, the NC also takes into account the level of participation and contribution of each Director towards the Board's effectiveness and competencies.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities as well as the conduct of its affairs as a whole for FY2015, and the peer assessment of each Director, is of the view that the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board has been satisfactory.

## **Principle 6: Access to Information**

The Board receives updates on the management of the business affairs and operations of the Group and assesses from time to time, strategies and financial initiatives implemented by the Management. The Management has provided the Board with complete and adequate information in a timely manner for the Board to discharge its obligations. Such information includes background or explanatory information relating to matters brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. The Board also duly monitors the Management's performance.

To allow Directors sufficient time to prepare for the meetings, all Board and Board Committee papers are distributed to Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

# CORPORATE GOVERNANCE REPORT

Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings.

To facilitate direct and independent access to the Management, Directors are also provided with the names and contact details of the Management.

The Chairman updates the Board during the quarterly Board meetings on Group's strategies and business environment to keep the members of the Board abreast of the Group businesses and activities.

The appointment of Company Secretary and any change thereof is a matter for the Board's decision as a whole. The Directors have separate and independent access to the Company Secretary. Duties of the Company Secretary include ensuring that Board procedures are followed and in compliance with applicable rules and regulations including the Companies Act (Cap 50) and the Catalist Rules. The Company Secretary was present at all the board meetings held in FY2015.

In carrying out their obligations as Directors of the Company, access to independent professional advice is, if necessary, available to all Directors, either individually or as a group, at the expense of the Company.

Changes to regulations and accounting standards are closely monitored by the Management. Directors are briefed during the Board meetings of these changes especially where such changes have an important bearing on the Company's or Directors' disclosure obligations.

## REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

The Board has set up a RC comprising three members, all of whom, including the RC Chairman, are Independent Directors (please refer to Principle 4, Board Membership, for details on the respective Director's membership on the Board Committees). Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his or her remuneration package.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- Review and recommend to the Board for endorsement, a formal and transparent procedure for determining the remuneration packages of the Directors and a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to, director's fees, salaries, allowances, bonuses, grant of shares and share options and benefits in kind.
- Recommend to the Board, base salary levels, benefits and incentive programs, and identify components of salary which can best be used to focus management staffs on achieving corporate objectives.
- Approve the structure of the compensation programme (including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully.
- Review, on an annual basis, the specific compensation packages of the Company's Directors and Group CEO.
- Review and recommend to the Board, the specific remuneration packages for each Director as well as for the key management personnel.
- Review the level and mix of remuneration and benefits policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Group and that of individual employees would be considered by the RC in undertaking such reviews.
- Implement and administer the Company's share options scheme (as applicable).
- Review the Group's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.
- Review the development of senior staff and assess their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

# CORPORATE GOVERNANCE REPORT

The RC has the authority, if necessary, to seek independent experts' advice in the remuneration of all Directors, while ensuring that the existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The RC did not appoint any remuneration consultants in FY2015.

## Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the RC considers the level and mix of remuneration to attract, retain and motivate the Executive Director and key management, and to align their interests with those of Shareholders, linking rewards to corporate and individual performance and promote the long-term success of the Group. No Director is involved in deciding his own remuneration.

In this regard, the RC:

- takes into account the pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors;
- considers whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive schemes); and
- reviews the terms, conditions and remuneration of the Executive Director, and ensures that his total remuneration package have a significant portion of performance-related elements.

The Independent Directors have no service contracts with the Company and their terms are specified in the Company's Constitution. Independent Directors are paid a basic fee and an additional fee for serving on any of the committees. The fee payment takes into account factors such as effort and time spent, and responsibilities undertaken and their respective contributions to the Board. The fees paid to the Independent Directors are also benchmarked against independent directors' fees paid by other companies in the same industry and with similar scale of operations. The RC is of the view that the Independent Directors are not over-compensated to the extent that their independence may be compromised. Such fees are subject to the approval of the Shareholders as a lump sum at the AGM.

The Executive Director does not have fixed-term service contract with the Company, and his service contract does not contain onerous removal clauses. Notice periods in any service contracts are typically set at six months or less. There are currently no incentive components (such as profit sharing schemes) in the service contracts with the Executive Director and key management personnel.

The remuneration policy for staff, including key executives, adopted by the Company, where appropriate, comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is determined at the discretion of the Company, taking into consideration the performances of the Group's businesses and respective employees.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The RC and the Board have collectively endorsed the Company's remuneration policy.

## Principle 9: Disclosure on Remuneration

### Remuneration of Directors for FY2015

Directors	Remuneration (S\$'000)	Fees (%)	Fixed Salary (%)	Bonus & Management Incentive (%)	Share-Based Compensation (%)	Benefits & Allowance (%)	Total (%)
Dato' Michael Loh Soon Gnee	875	3%	97%	N.A.	N.A.	N.A.	100%
Dato' Khor Gark Kim	27	100%	N.A.	N.A.	N.A.	N.A.	100%
Dr Kenneth Yu Keung Yum	27	100%	N.A.	N.A.	N.A.	N.A.	100%
Mohd. Sopiyan B. Mohd. Rashdi	28	100%	N.A.	N.A.	N.A.	N.A.	100%
Dr Tan Jok Tin	20	100%	N.A.	N.A.	N.A.	N.A.	100%
Total	977						

# CORPORATE GOVERNANCE REPORT

Top 5 executives within each band of remuneration are as follows:

Remuneration Band	2015
Below S\$250,000	5
S\$250,000 to below S\$500,000	None

The total remuneration paid to the top five executives (who are not directors or CEO) was approximately S\$766,000. The Board is of the opinion that full disclosure of the names of the above executives would not be in the best interest of the Company as such details are confidential and sensitive in nature. Taking into consideration of the competitive industry in which the Group operates, the Company believes that it is not in the best interests of the Company to disclose the names, the remunerations, or the breakdown of the remunerations (in percentage or dollar terms) of the top five key management personnel (who are not directors or CEO).

There was no termination, retirement or post-employment benefits provided for in the employment contracts with the Directors, CEO or top five key management personnel.

There are no employees who are immediate family members of a Director, Chairman or the CEO, and whose remuneration exceeds S\$50,000 in FY2015.

The Company's employee share option scheme had expired on 27 August 2013.

## ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability and Audit

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects. Such responsibility extends to interim and other price sensitive public reports, as well as reports to regulators. The Management provides members of the Board with management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a monthly basis.

The Board also reviews legislation and regulatory compliance reports from the Management to ensure that the Group complies with the relevant regulatory requirements, including requirements under the Catalist Rules, with the assistance of the Group's legal counsel.

### Principle 11: Risk Management and Internal Controls

The Board, with the assistance from the AC, is responsible for determining the level of risk tolerance of the Group and the governance of risk by ensuring that the Group has put in place internal controls systems to manage its significant business risks, so as to safeguard Shareholders' investments and the Company's assets.

The AC is responsible for overseeing the Group's risk management framework and policies, as well as assessing the level of adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operating and compliance controls, and risk management policies and systems established by the Management.

In relation to the risk management function, the AC is guided by the following terms of reference which assist the Board to:

- Determine the Group's levels of risk tolerance and risk policies.
- Oversee the Management in the formulation, update and maintenance of an adequate and effective risk management framework in addressing material risks including material financial, operational, compliance and information technology risks.
- Make the necessary recommendation to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal control systems can be made by the Board in the annual report in accordance to the Catalist Rules and the Code.
- Review the Group's risk profile regularly and the adequacy of any proposed action if necessary.
- Review any material breaches of risk appetite/tolerances/limits and the adequacy of any proposed action if necessary

# CORPORATE GOVERNANCE REPORT

The Board has received assurance from the Executive Chairman (who is also the acting Group CEO) and the Vice President, Finance of the Company that:

- the financial records of the Group have been properly maintained and the financial statements for FY2015 give a true and fair view of the Group's operations and finances; and
- the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, the reviews performed by the Management and the AC as well as the work performed by the internal auditors and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems, is adequate. Nevertheless, the AC and the Board recognise that no cost effective internal control system will preclude all potential errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable but not absolute assurance against material misstatement or loss.

## **Risk Management**

An assessment of the significant risks areas relevant to the Group's businesses, operations and compliance requirements have been carried out and are identified as follows:

### **(a) Reliance on the Semiconductor Industry**

Majority of the Group's products and services are employed in the production of semiconductors. A significant portion of the Group's revenues are directly or indirectly related to the capital expenditure of manufacturers in the semiconductor industry. These industries may be subject to significant fluctuations as a consequence of general economic conditions and industry patterns. Capital expenditure for products such as those sold by the Group are directly affected as a result of these fluctuations. The Group operates in a cyclical industry and these fluctuations are likely to have an adverse effect on the Group's business, financial condition and results of operations.

### **(b) Technological Changes**

The market for the Group is characterised by rapidly changing technology. The Group's future success will depend upon its ability to develop and introduce new products on a timely and cost-effective basis to meet customers' requirements and address technological developments. Successful product developments and introduction require the identification of new product requirements and opportunities, the retention and hiring of appropriate research and development personnel, the definition of a product's technical specifications, the successful completion of the development process and the successful marketing of a product.

### **(c) Foreign Exchange Risk**

The Group is exposed to various common financial risks arising in the normal course of business. A significant portion of the Group's revenue is denominated in the United States dollar. Operating expenses and wages are made mainly in local currency. Hence, exchange rate movements in the United States dollar and the Singapore dollar (the Company's reporting currency), amongst others, will expose the Company to foreign exchange risk.

## **Dealings in the Company's Securities**

The Company has devised and adopted an internal compliance code (the "**Internal Code**") to provide guidance to its officers with regards to dealings in the Company's securities including reminders that the law on insider trading is applicable at all times.

The Internal Code provides that the Company, its officers and employees of the Group should not deal in securities of the Company when they are in possession of any unpublished material price-sensitive information of the Group.

The Company's Internal Code also provides that the Company, its officers and employees of the Group should not trade in the Company's securities during the period commencing one month and two weeks before the date of announcement of the Company's full year or quarterly results respectively and ending on the date of announcement of the relevant results.

In addition, the Company's officers and employees should not deal in the Company's securities for short-term considerations.

# CORPORATE GOVERNANCE REPORT

The Internal Code complies with, and the Board confirms that for FY2015, the Company has complied with, Rule 1204(19) of the SGX-ST Listing Manual.

## Interested Person Transactions (“IPTs”)

Name of interested Person	Aggregate value of all interested person transactions entered into for the year ended FY2015 (excluding transactions less than \$100,000 and transactions conducted under Shareholders’ mandate pursuant to Rule 920 of the Catalis Rules)  S\$’000	Aggregate value of all interested person transactions conducted under Shareholders’ mandate pursuant to Rule 920 of the Catalis Rules (excluding transactions less than \$100,000)  S\$’000
ASTI Holdings Limited (“ASTI”)	-	2,049*

\* Related to trade sales by the Group to a subsidiary of ASTI.

## Compliance with Laws and Regulations

The Company has established a system for monitoring compliance with laws and regulations and the results of the Management’s investigation and follow-up of any fraudulent acts or non-compliance with such laws and regulations.

### Principle 12: Audit Committee

The AC comprises three members, all, including the AC Chairman, are non-executive Independent Directors (Please refer to Principle 4, Board Membership, for details on the respective Director’s membership on the Board Committees).

The members of the AC have adequate accounting, finance, business and managerial experiences. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC’s functions.

In FY2015, the AC had obtained updates from the Group’s external auditors (the “**External Auditors**”) on changes in accounting standards, corporate governance and other relevant regulations that might have a direct impact on the Group’s financial statements.

The AC has explicit powers and authority to conduct investigations into any matters within its terms of reference, has full access to and co-operation by the Management. It has full discretion to invite any Director or executive officer to attend its meetings. All resources that would enable the AC to discharge its duties effectively and expeditiously are made available to the AC.

The AC performs the following functions in accordance with the terms of reference which include the following:

- reviews with the External Auditors, their scope and results of the external audit work, the audit plan, evaluation of the accounting controls, audit reports and any matters which the External Auditors wish to discuss;
- reviews the adequacy of the internal control procedures and evaluates the effectiveness of the overall internal control systems, including financial, operational, compliance and information technology controls and risk management;
- reviews significant financial reporting issues and judgements to ensure the integrity of financial statements of the Group and that of any formal announcement made quarterly or annually relating to the Group’s financial performance, including announcements to the Shareholders and the SGX-ST prior to the submission to the Board;
- reviews any significant findings of internal investigations;
- makes recommendations to the Board on the appointment of external auditors, the audit fee, terms of engagement and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditor, when appointed;
- reviews the assistance given by the Company’s officers to the External Auditors;

# CORPORATE GOVERNANCE REPORT

- reviews and monitors interested person transactions, if any, and ensures that the Catalist Rules and the Company's internal control procedures set out in the Shareholders' mandate for interested person transactions are adhered to in relation to such transaction;
- reports actions and reviews taken, as well as provide minutes of the AC meetings to the Board with such recommendations as the AC considers appropriate;
- conducts an annual review of the independence and objectivity of the External Auditors, including the volume of non-audit services provided by the External Auditors, to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors before confirming their non-nomination; and
- where its significant subsidiaries and associated company have to appoint a different external auditor, the AC ensures that the external auditors are sufficiently independent and objective so that their appointment would not compromise the standard and effectiveness of the audit of the Group.

The AC held four (4) meetings in FY2015. The Chairman of the Board, the Vice President of Finance, the Group Administrative Officer, the legal counsels, the Continuing Sponsor, the internal auditors and the External Auditors were invited to these meetings. Other members of the Management were also invited to attend as appropriate to present reports. The AC also has independent meetings with the external and/or internal auditors without the presence of the Management to review the Management's level of cooperation and other matters that warrants the AC's attention.

The principal activities of the AC during FY2015 are summarised below:

## Financial reporting

The AC met on a quarterly basis and reviewed the quarterly and full year results announcements, material announcements and all related disclosures to the Shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and the audit committee report presented by the External Auditors.

The AC reviewed the full year financial statements and also discussed with the Management, the Vice President of Finance and the External Auditors, the significant issues and adjustments resulting from the audit, and any significant deficiencies in the internal controls over financial reporting matters that came to the External Auditor's attention during their audit together with their recommendations.

## External audit processes

The AC manages the relationship with the External Auditors, on behalf of the Board. During FY2015, the AC carried out its annual assessment of the cost effectiveness of the audit process, together with the auditor's approach to audit quality and transparency. The AC concluded that the External Auditors demonstrated appropriate qualifications and expertise and that the audit process was effective. Therefore, the AC recommended to the Board that Ernst & Young LLP be re-appointed as the External Auditor. The Board accepted this recommendation and has proposed a resolution to the Shareholders for the re-appointment of Ernst & Young LLP. Dragon Microfits Sdn. Bhd. (Malaysia) and ASA Multiple (M) Sdn Bhd (Malaysia) are audited by KCK Associates, Penang, Malaysia and CHI-LLTC, Penang, Malaysia, respectively. The Board and the AC are satisfied that the appointment of these 2 firms would not compromise the standard and effectiveness of the audit of the Company carried out by Ernst & Young LLP.

Pursuant to the requirement in the Catalist Rules, an audit partner may only be in charge of a maximum of five (5) consecutive annual audits and may then return after two years. The current Ernst & Young LLP's audit partner for the Group took over from the previous audit partner for the financial year ended 31 December 2011. In appointing the external auditors for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 715 of the Catalist Rules.

## Internal audit

During the year, the AC has reviewed and assessed the adequacy of the Group's system of internal controls and regulatory compliance through discussion with the Management, the internal auditors and the External Auditors.

The AC considered and reviewed with the Management and the internal auditors on the following:

- annual internal audit plans to ensure that the plans covered sufficiently a review of the internal controls of the Group;
- significant internal audit observations and the Management's response thereto.

# CORPORATE GOVERNANCE REPORT

The AC has reviewed the adequacy of the internal audit function and is satisfied that the internal auditors have adequate resources to carry out the internal audit function.

The non-audit fees and audit fees paid to the External Auditors for FY2015 are disclosed in the notes to the financial statements. The AC has undertaken a review of all services provided by the External Auditors and is satisfied with the level of independence and objectivity of the External Auditors.

The Company has a whistle blowing policy that is intended to provide well-defined and accessible channels through which any employee may raise any concerns he/she may have about improper conduct or malpractices within the Group. Any concerns may be raised, either anonymously or otherwise, directly to the Lead Independent Director and the identity of the person raising the concern is strictly protected to the extent practicable in law. The Lead Independent Director has direct oversight in the administering of the policy with the assistance of Group Administrative Officer. The AC has reviewed and is satisfied with the adequacy of the whistle blowing policy.

## **Principle 13: Internal Audit**

The internal audit function was outsourced to Baker Tilly TFW LLP (“the **Internal Auditor**”) in FY2015. The methodology adopted by the Internal Auditor is in conformity to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditor is independent of the activities it audits.

The AC approves the engagement, termination, evaluation and fees of the Internal Auditor. The Internal Auditor, who reports directly on audit matters to the Chairman of the AC, have unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC. The Internal Auditor assists the AC in monitoring and assessing the effectiveness of the Group’s material internal controls. The Internal Auditor also assists the Management in identifying operational and business risks as well as provides recommendations to address those risks.

The AC ensures that the internal audit function is adequately resourced and has the capabilities to adequately perform its functions. In this regard, the AC reviews on an annual basis the effectiveness of the Internal Auditor by examining the scope of the Internal Auditor’s work, quality of its reports, reporting structure within the Group, qualifications and training, relationship with the Internal Auditor, and its independence of the areas reviewed. The AC is of the view that Internal Auditor is adequately resourced and has appropriate standing within the Group.

## **SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES**

### **Principle 14: Shareholder Rights**

### **Principle 15: Communication with Shareholders**

### **Principle 16: Conduct of Shareholder Meetings**

The Company engages in regular, effective and fair communication with the Shareholders. The Company ensures that all Shareholders are treated equitably and the rights of all Shareholders are protected. The Company dialogues with investors, securities analysts, fund managers and the press as and when necessary.

On a regular and timely basis, the Company disseminates material information simultaneously through news and press releases via SGXNET and electronic mail to securities analysts, Shareholders and the media. Shareholders can access information on the Company at the Company’s website at [www.asa.com.sg](http://www.asa.com.sg), to ensure that all Shareholders and the public gain fair and sufficient access to information, changes, updates and the archives of the Company or its businesses which would be likely to materially affect the price or value of the Company’s shares.

Information is always communicated to the Shareholders on a timely and fair basis. Where inadvertent disclosure has been made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The Company invites the media, securities analysts, fund managers or the Shareholders to its general meetings, or briefings that follow major announcements and events, such as earnings releases and trade exhibitions.

The Shareholders are informed of the Shareholders’ meetings through timely and formal notices via SGXNET and published in the newspapers. All relevant reports and/or circulars are sent in advance to all Shareholders so that they can familiarise themselves with the issues that will be raised at general meetings. Shareholders are also given opportunities to raise questions, and to communicate their views on issues which affect the Company, at general meetings and to vote in absentia. Every Shareholder is entitled to appoint two (2) proxies to attend the general meeting and vote in his stead.

The External Auditor, chairpersons of the AC, the NC and the RC are present at AGMs to assist the Board and the Management to address any questions from the Shareholders concerning the Company’s conduct of its businesses.

# CORPORATE GOVERNANCE REPORT

At general meetings, each substantially separate issue is dealt with in separate resolutions to avoid bundling of resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

Whenever possible and appropriate, the Company fulfils requests from securities analysts, stockbrokers, dealers, fund managers and journalists for telephone and face-to-face interviews and meetings with the Management.

The Company currently does not have a formal policy on payment of dividends. The Company may declare dividends by way of an ordinary resolution of the Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of the Shareholders. The Directors may also declare an interim dividend without the approval of the Shareholders. No dividend was declared in respect of FY2015 as the Group had incurred losses in the year.

Minutes of general meetings that include relevant and substantial comments from the Shareholders relating to the agenda of the meetings and responses from the Board and the Management are available upon request.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

## **MATERIAL CONTRACTS**

There are no material contracts (including loans) involving the interests of the Directors or controlling Shareholders which are either still subsisting as at the end of the financial year reported on or if not then subsisting, entered into since the end of the previous financial year.

## **CATALIST SPONSOR**

There were no non-sponsor fees paid to the Sponsor for FY2015.



## **APPENDIX 2**

Advanced Systems Automation Limited | ANNUAL REPORT 2015

### **DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS**

- 1 Directors' Statement
- 3 Independent Auditor's Report
- 4 Consolidated Income Statement
- 5 Consolidated Statement of Comprehensive Income
- 6 Balance Sheets
- 8 Statements of Changes in Equity
- 11 Consolidated Cash Flow Statement
- 12 Notes to the Financial Statements

## DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of Advanced Systems Automation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

### Opinion of the Directors

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### Directors

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

Dato' Michael Loh Soon Gnee  
 Dato' Khor Gark Kim  
 Mohd. Sopiyan B. Mohd. Rashdi  
 Dr Kenneth Yu Keung Yum  
 Dr Tan Jok Tin

### Arrangements to enable Directors to acquire shares and debentures

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

### Directors' interests in shares

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below: -

Name of director	At the beginning of the financial year	At the end of the financial year	At 21 January 2016
<b>Holding company – ASTI Holdings Limited ("ASTI")</b>		<b>Ordinary shares</b>	
Dato' Michael Loh Soon Gnee			
- held in name of director	65,209,600	65,209,600	65,209,600
- deemed interest	65,000,000	65,000,000	65,000,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

## DIRECTORS' STATEMENT

### Options

During the financial year, there were:-

- (a) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (b) no other shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

### Audit committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

### Auditor

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

On behalf of the Board of Directors:

Dato' Michael Loh Soon Gnee  
Director

Mohd. Sopiyan B. Mohd. Rashdi  
Director

4 April 2016

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## Independent Auditors' Report to the Members of Advanced Systems Automation Limited

### Report on the financial statements

We have audited the accompanying financial statements of Advanced Systems Automation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 4 to 49, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the 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, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

#### *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 judgment, 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 the 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 and statement of changes in equity 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 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

### Report on other legal and regulatory requirements

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

ERNST & YOUNG LLP  
Public Accountants and  
Chartered Accountants  
Singapore

4 April 2016

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 \$'000	2014 \$'000
Revenue	5	24,066	34,827
Cost of sales		(21,375)	(25,892)
<b>Gross profit</b>		2,691	8,935
Selling and marketing costs		(2,419)	(2,497)
Research and development costs		(1,310)	(846)
General and administrative costs		(7,012)	(5,962)
Finance costs, net	6	(328)	(273)
Exceptional items	9	(9,815)	–
<b>Loss before taxation</b>	7	(18,193)	(643)
Income tax credit/(expense)	8	231	(407)
<b>Net loss for the year</b>		<u>(17,962)</u>	<u>(1,050)</u>
<b>Attributable to:</b>			
Owners of the Company		(17,037)	(1,068)
Non-controlling interests		(925)	18
<b>Net loss for the year</b>		<u>(17,962)</u>	<u>(1,050)</u>
Basic and diluted loss per share (in cents)	10	(0.65)	(0.06)

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	<b>Note</b>	<b>Group</b>	
		<b>2015</b>	<b>2014</b>
		\$'000	\$'000
Net loss for the year		(17,962)	(1,050)
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation		66	(45)
Total comprehensive income for the year		<u>(17,896)</u>	<u>(1,095)</u>
<b>Attributable to:</b>			
Owners of the Company		(17,001)	(1,109)
Non-controlling interests		<u>(895)</u>	14
<b>Total comprehensive income for the year</b>		<u><u>(17,896)</u></u>	<u><u>(1,095)</u></u>

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

**BALANCE SHEETS**

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	11	60	2,278	45	95
Property, plant and equipment	12	2,045	12,303	–	–
Investments in subsidiaries	13	–	–	10,522	19,686
Deferred tax assets	8	157	94	–	–
		<u>2,262</u>	<u>14,675</u>	<u>10,567</u>	<u>19,781</u>
<b>Current assets</b>					
Inventories	14	2,421	3,524	–	–
Trade receivables	15	6,674	8,851	–	1
Prepayments and advances	16	381	314	6	8
Other receivables	17	274	271	–	–
Amounts due from subsidiaries	13	–	–	11,203	6,407
Amounts due from related companies	18	1,281	1,892	–	–
Cash and cash equivalents	19	3,071	5,844	57	2,290
		<u>14,102</u>	<u>20,696</u>	<u>11,266</u>	<u>8,706</u>
Non-current assets held for sale	20	1,904	2,215	–	–
		<u>16,006</u>	<u>22,911</u>	<u>11,266</u>	<u>8,706</u>
<b>TOTAL ASSETS</b>		<u>18,268</u>	<u>37,586</u>	<u>21,833</u>	<u>28,487</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables and accruals	21	6,140	6,917	272	253
Other payables	22	704	1,577	–	–
Income tax payable		183	430	–	–
Lease creditors	23	199	444	–	–
Loans and borrowings	24	230	1,704	–	–
Amounts due to subsidiaries	13	–	–	881	1,289
Amounts due to related companies	25	295	181	22	14
Amount due to holding company	26	6,027	4,291	5,970	3,947
		<u>13,778</u>	<u>15,544</u>	<u>7,145</u>	<u>5,503</u>
<b>NET CURRENT ASSETS</b>		2,228	7,367	4,121	3,203
<b>Non-current liabilities</b>					
Deferred tax liabilities	8	239	830	–	–
Lease creditors	23	–	228	–	–
Loans and borrowings	24	751	938	–	–
Amount due to holding company	26	1,350	–	1,350	–
		<u>2,340</u>	<u>1,996</u>	<u>1,350</u>	<u>–</u>
<b>TOTAL LIABILITIES</b>		<u>16,118</u>	<u>17,540</u>	<u>8,495</u>	<u>5,503</u>
<b>NET ASSETS</b>		<u>2,150</u>	<u>20,046</u>	<u>13,338</u>	<u>22,984</u>

**BALANCE SHEETS**

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Equity attributable to owners of the Company</b>					
Share capital	27	130,965	130,965	130,965	130,965
Accumulated losses		(126,494)	(109,457)	(117,627)	(107,981)
Foreign currency translation reserve	28	1,656	1,620	–	–
Merger reserve	28	(2,136)	(2,136)	–	–
Premium paid on acquisition of non-controlling interests		(1,228)	(1,228)	–	–
		<u>2,763</u>	<u>19,764</u>	<u>13,338</u>	<u>22,984</u>
Non-controlling interests		(613)	282	–	–
<b>TOTAL EQUITY</b>		<u>2,150</u>	<u>20,046</u>	<u>13,338</u>	<u>22,984</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>18,268</u>	<u>37,586</u>	<u>21,833</u>	<u>28,487</u>

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company								
	Equity, total \$'000	Equity attributable to owners of the Company, total \$'000	Share capital \$'000	Accumulated losses \$'000	Other reserves, total \$'000	Premium paid on acquisition of non- controlling interests \$'000	Foreign currency translation reserve \$'000	Merger reserve \$'000	Non- controlling interests \$'000
<b>Group</b>									
<b>2015</b>									
Opening balance at 1 January 2015	20,046	19,764	130,965	(109,457)	(1,744)	(1,228)	1,620	(2,136)	282
Loss for the year	(17,962)	(17,037)	-	(17,037)	-	-	-	-	(925)
Other comprehensive income									
Foreign currency translation	66	36	-	-	36	-	36	-	30
<b>Other comprehensive income for the year</b>	66	36	-	-	36	-	36	-	30
<b>Total comprehensive income for the year</b>	(17,896)	(17,001)	-	(17,037)	36	-	36	-	(895)
<b>Balance as at 31 December 2015</b>	2,150	2,763	130,965	(126,494)	(1,708)	(1,228)	1,656	(2,136)	(613)

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company								
	Equity, total \$'000	Equity attributable to owners of the Company, total \$'000	Share capital \$'000	Accumulated losses \$'000	Other reserves, total \$'000	Premium paid on acquisition of non- controlling interests \$'000	Foreign currency translation reserve \$'000	Merger reserve \$'000	Non- controlling interests \$'000
<b>Group</b>									
<b>2014</b>									
Opening balance at 1 January 2014	18,059	16,746	125,610	(108,389)	(475)	-	1,661	(2,136)	1,313
(Loss)/profit for the year	(1,050)	(1,068)	-	(1,068)	-	-	-	-	18
<u>Other comprehensive income</u>	(45)	(41)	-	-	(41)	-	(41)	-	(4)
Foreign currency translation	(45)	(41)	-	-	(41)	-	(41)	-	(4)
<b>Other comprehensive income for the year</b>									
<b>Total comprehensive income for the year</b>	(1,095)	(1,109)	-	(1,068)	(41)	-	(41)	-	14
Contributions by and distributions to equity owners									
Issuance of shares pursuant to acquisition of additional interests in a subsidiary without a change in control	-	1,045	2,273	-	(1,228)	(1,228)	-	-	(1,045)
Issuance of shares pursuant to share placement	3,100	3,100	3,100	-	-	-	-	-	-
Share issuance expenses	(18)	(18)	(18)	-	-	-	-	-	-
<b>Total contributions by and transactions with owners in their capacity as owners</b>	3,082	4,127	5,355	-	(1,228)	(1,228)	-	-	(1,045)
<b>Balance as at 31 December 2014</b>	20,046	19,764	130,965	(109,457)	(1,744)	(1,228)	1,620	(2,136)	282

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Company	Attributable to owners of the Company		
	Share capital \$'000	Accumulated losses \$'000	Equity, total \$'000
<b>2015</b>			
Opening balance at 1 January 2015	130,965	(107,981)	22,984
Loss for the year	–	(9,646)	(9,646)
<b>Total comprehensive income for the year</b>	–	(9,646)	(9,646)
<b>Balance at 31 December 2015</b>	130,965	(117,627)	13,338
<b>2014</b>			
Opening balance at 1 January 2014	125,610	(103,576)	22,034
Loss for the year	–	(4,405)	(4,405)
<b>Total comprehensive income for the year</b>	–	(4,405)	(4,405)
<u>Contribution by and distributions to owners</u>			
Issuance of shares pursuant to acquisition of additional interest in a subsidiary	2,273	–	2,273
Issuance of shares pursuant to share placement	3,100	–	3,100
Share issuance expenses	(18)	–	(18)
<b>Total contributions by and transactions with owners as their capacity as owners</b>	5,355	–	5,355
<b>Balance at 31 December 2014</b>	130,965	(107,981)	22,984

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 \$'000	2014 \$'000
<b>OPERATING ACTIVITIES</b>			
Loss before taxation		(18,193)	(643)
Adjustments for :-			
Depreciation of property, plant and equipment	12	2,489	1,794
Amortisation of intangible assets	11	204	204
Property, plant and equipment written-off		4	100
Gain on disposal of property, plant and equipment	7	(26)	(12)
Impairment loss on property, plant and equipment	12	8,110	–
Impairment loss on club membership	11	50	–
Impairment loss on goodwill	11	1,705	–
Allowance for/(write-back of) doubtful trade debts, net		89	(48)
Allowance for doubtful non-trade debts, net		–	23
Allowance for/(write-back of) stock obsolescence, net		513	(241)
Provision for warranty		1	5
Interest income		(7)	(5)
Interest expense		317	252
Effect of unrealised exchange loss		898	21
<b>Operating cash flows before changes in working capital</b>		<b>(3,846)</b>	<b>1,450</b>
<u>Changes in working capital</u>			
Decrease in inventories		590	970
Decrease in receivables		2,018	17
Decrease/(increase) in amounts due from related companies		611	(1,502)
Decrease in payables		(1,651)	(2,297)
Increase in amounts due to related companies		114	80
(Decrease)/increase in amount due to holding company		(327)	70
<b>Cash flows used in operations</b>		<b>(2,491)</b>	<b>(1,212)</b>
Interest received		7	5
Interest paid		(317)	(252)
Income taxes paid		(596)	(466)
<b>Net cash flows used in operating activities</b>		<b>(3,397)</b>	<b>(1,925)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	12	(1,051)	(1,713)
Share issuance expenses relating to acquisition of additional interest in subsidiary		–	(8)
Proceeds from disposal of property, plant and equipment		153	13
<b>Net cash flows used in investing activities</b>		<b>(898)</b>	<b>(1,708)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from share placement		–	3,100
Expenses relating to share placement		–	(10)
Payment to lease creditors		(411)	(439)
Repayments of bank borrowings		(1,386)	(37)
Loan from holding company		3,413	2,300
<b>Net cash generated from financing activities</b>		<b>1,616</b>	<b>4,914</b>
Net (decrease)/increase in cash and cash equivalents		(2,679)	1,281
Cash and cash equivalents at 1 January		5,731	4,420
Effect of exchange rate changes on cash and cash equivalents		(62)	30
Cash and cash equivalents at 31 December	19	<b>2,990</b>	<b>5,731</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 1. CORPORATE INFORMATION

Advanced Systems Automation Limited (the “Company”) was incorporated and domiciled in Singapore on 10 April 1986. The Company was admitted to the Official List of Stock Exchange of Singapore Dealing and Automated Quotation System on 22 July 1996 and was transited to a listing on Catalist with effect from on 4 January 2010.

The holding company is ASTI Holdings Limited (“ASTI”), also a company incorporated in the Republic of Singapore.

Related companies refer to subsidiaries of ASTI.

Related parties refer to companies in which the Directors have significant equity interests or hold directorships.

The registered office of the Company and principal place of the business is located at Blk 25 Kallang Avenue #02-01 Kallang Basin Industrial Estate Singapore 339416.

The principal activity of the Company is investment holding. There have been no significant changes in the nature of the activity during the financial year.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The Group incurred loss after tax of S\$17,962,000, of which approximately S\$1,705,000 and S\$8,110,000 related to impairment charges on goodwill and property, plant and equipment, respectively, for the financial year ended 31 December 2015. The financial statements have been prepared on a going concern basis as the Company has obtained an undertaking from its holding company that it will continue to provide financial support to enable the Company to continue operations for the next twelve months from the date the financial statements are authorised for issuance. In addition, the holding company has also agreed to not recall the amounts due to itself until the cash flows of the Company permit.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.3 Standards issued but not yet effective

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111 <i>Accounting for Acquisition of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendment to FRS 19 <i>Employee Benefits</i>	1 January 2016
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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

### FRS 109 *Financial Instruments*

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

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

### FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.4 Basis of consolidation and business combinations

### (A) Basis of consolidation

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

### (B) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

## 2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

### (a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

### (b) *Consolidated financial statements*

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

## 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold buildings are measured at cost less accumulated depreciation and impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Freehold buildings	-	50 years
Leasehold land and buildings	-	50 years or shorter of remaining leases terms and economic life
Machinery	-	5 to 10 years
Tools and equipment	-	3 to 10 years
Air conditioners	-	5 to 10 years
Computers	-	3 to 10 years
Other assets	-	3 to 10 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

## 2.8 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

## 2.10 Intangible assets

Intangible assets comprise goodwill, club membership and customer relationships.

### (a) *Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less than any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than the Group's operating segments.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6. Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

### (b) *Club membership*

Club membership is stated at cost less impairment loss. Allowance is made for any impairment loss on the basis outlined in paragraph Note 2.8.

### (c) *Customer relationships*

Customer relationships were acquired in business combinations and are carried at cost less accumulated amortisation and any accumulated impairment losses. The customer relationships has a finite useful life and are amortised over the period of 4 years based on expected pattern of consumption of future economic benefits embodied in the asset. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.11 Financial assets

### Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

### Subsequent measurement

The subsequent measurement of financial assets depends on their classification. The Group does not have any financial assets designated as fair value through profit or loss or held to maturity investments.

#### (a) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- cash and cash equivalents; and
- trade and other receivables, including amounts due from subsidiaries, related companies and holding company.

### Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

### Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

## 2.12 Impairment of financial assets

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

#### (a) *Financial assets carried at amortised cost*

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

(b) **Financial assets carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Raw materials – purchase costs on a first-in, first-out basis;
- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. These costs are assigned on a first-in, first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

### 2.14 Trade and other receivables

Trade and other receivables, including amounts due from subsidiaries and related parties are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.12.

### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.11.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.16 Financial liabilities

### Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 2.17 Trade payables and other payables

Trade payables, which are normally settled on 30-120 day terms, other payables, holding company, subsidiaries and related parties are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

## 2.18 Provisions

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

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

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

## 2.19 Borrowing costs

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

## 2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

### (a) *Sale of goods*

Revenue from the sale of machineries and manufactured products is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

### (b) *Interest income*

Interest income is recognised using the effective interest method.

## 2.22 Employee benefits

### (a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore, Malaysia and People's Republic of China ("PRC") companies in the Group make contributions to the Central Provident Fund scheme in Singapore, or Employees Provident Fund in Malaysia, or Social Security Bureau in PRC respectively. These are defined contribution pension schemes. Contributions to these schemes are recognised as an expense in the period in which the related service is performed.

### (b) *Employee leave entitlement*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.23 Taxes

### (a) *Current income tax*

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

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

### (b) *Deferred tax*

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

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

(c) **Sales tax**

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**2.24 Segment reporting**

For management purposes, the Group is organised into operating segments based on the Group's business divisions and are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segments manager report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 4, including the factors used to identify the reportable segments and the measurement basis of segment information.

**2.25 Share capital and share issue expenses**

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

**2.26 Contingencies**

A contingent liability is:-

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 2.27 Related parties

A related party is defined as follows:-

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies :
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 2.28 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets once classified as held for sale are not depreciated.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any critical judgement which has a significant effect on the amount recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### (a) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGUs") to which the goodwill is allocated. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions are disclosed and further explained in Note 11. The carrying amount of the Group's goodwill at 31 December 2015 is \$nil (2014: \$1,964,000).

### (b) *Impairment of property, plant and equipment*

The Group determines the recoverable amount of property, plant and equipment based on the higher of its fair value less costs to sell and its value in use. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit by applying a suitable discount rate to calculate the present value of those cash flows. The carrying amount of the Group's property, plant and equipment as at 31 December 2015 is disclosed in Note 12.

## 4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

- I. The Equipment segment is mainly engaged in designing and manufacturing Automatic Moulding machines and other back-ended assembly equipment for the semiconductor industry.
- II. The Equipment Contract Manufacturing Services ("ECMS") segment is mainly engaged in precision engineering and fabrication assembly of parts for both semiconductor and non-semiconductor industries.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Equipment		ECMS		Elimination		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Sales to external customers	6,118	7,822	17,948	27,005	–	–	24,066	34,827
Inter-segment sales <sup>(1)</sup>	–	–	741	1,347	(741)	(1,347)	–	–
<b>Total revenue</b>	<b>6,118</b>	<b>7,822</b>	<b>18,689</b>	<b>28,352</b>	<b>(741)</b>	<b>(1,347)</b>	<b>24,066</b>	<b>34,827</b>
EBITDA <sup>(2)</sup>	(3,076)	(1,666)	(12,172)	3,284	58	(16)	(15,190)	1,602
Depreciation	(29)	(30)	(2,460)	(1,764)	–	–	(2,489)	(1,794)
Amortisation	–	–	(204)	(204)	–	–	(204)	(204)
Interest expense	(196)	(64)	(131)	(198)	10	10	(317)	(252)
Interest income	10	10	7	5	(10)	(10)	7	5
(Loss)/profit before income tax	(3,291)	(1,750)	(14,960)	1,123	58	(16)	(18,193)	(643)
Income tax (expense)/credit	(6)	186	237	(593)	–	–	231	(407)
<b>Segmental results</b>	<b>(3,297)</b>	<b>(1,564)</b>	<b>(14,723)</b>	<b>530</b>	<b>58</b>	<b>(16)</b>	<b>(17,962)</b>	<b>(1,050)</b>
<u>Other information:</u>								
Exceptional items	–	–	(9,815)	–	–	–	(9,815)	–
Segment assets <sup>(2)</sup>	3,665	7,967	14,678	29,697	(75)	(78)	18,268	37,586
Segment liabilities	(8,765)	(5,729)	(7,353)	(11,811)	–	–	(16,118)	(17,540)
Additions to non-current assets <sup>(3)</sup>	69	44	982	1,669	–	–	1,051	1,713

(1) Inter-segment revenues are eliminated on consolidation.

(2) Elimination of unrealised gains and losses arising from inter-segment transactions.

(3) Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

## Geographical information

Revenue and non-current assets are based on geographical locations of the entities:

	Revenues		Non-current assets	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
China	9,299	11,849	102	2,352
South East Asia	11,258	19,374	2,003	12,229
America	879	902	–	–
Europe	2,109	2,066	–	–
Others	521	636	–	–
<b>Total</b>	<b>24,066</b>	<b>34,827</b>	<b>2,105</b>	<b>14,581</b>

Non-current assets information presented above comprises intangible assets and property, plant and equipment as presented in the consolidated balance sheet.

## Information about major customers

Revenue from one major customer amounted to \$3,427,000 (2014: \$4,899,000), arising from sales by the equipment segment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

### 5. REVENUE

	Group	
	2015	2014
	\$'000	\$'000
Sales of goods	24,066	34,827

### 6. FINANCE COSTS, NET

	Group	
	2015	2014
	\$'000	\$'000
Finance income in respect of :-		
- deposits with banks and financial institutions	7	5
Finance costs in respect of :-		
- bank borrowings and finance leases	(121)	(188)
- bank charges	(18)	(26)
- amount due to holding company	(196)	(64)
	(335)	(278)
Finance costs, net	(328)	(273)

### 7. LOSS BEFORE TAXATION

The following items have been included in arriving at loss before taxation:-

	Group	
	2015	2014
	\$'000	\$'000
Reversal of write-down of inventories	454	442
Inventories written-down	(967)	(201)
Amortisation of intangible assets	(204)	(204)
Impairment loss on property, plant and equipment	(8,110)	-
Impairment loss on goodwill	(1,705)	-
Impairment loss on club membership	(50)	-
Depreciation of property, plant and equipment	(2,489)	(1,794)
Property, plant and equipment written off	(4)	(100)
Gain on disposal of property, plant and equipment	26	12
Bad debts written off	-	26
(Allowance for)/write-back of doubtful trade debts, net	(89)	48
Allowance for doubtful non-trade debts, net	-	(23)
Rental expense	(1,083)	(1,039)
Audit fees paid to:		
- Auditor of the Company, including member firms of Ernst & Young Global	(163)	(147)
- Other auditors	(34)	(44)
Non-audit fees:		
- Auditor of the Company, including member firms of Ernst & Young Global	(4)	(7)
- Other auditors	(7)	(7)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## Staff costs

	Group	
	2015	2014
	\$'000	\$'000
Salaries and bonuses	(8,233)	(7,774)
Employer's contribution to defined contribution plans	(1,540)	(1,349)
	<u>(9,773)</u>	<u>(9,123)</u>

## 8. INCOME TAX CREDIT/(EXPENSE)

Major components of income tax expense for the financial years ended 31 December 2015 and 2014 are:-

	Group	
	2015	2014
	\$'000	\$'000
Income tax payable in respect of results for the year:-		
Current income tax	(365)	(553)
(Under)/over provision in respect of prior years	(25)	271
	<u>(390)</u>	<u>(282)</u>
Deferred taxation credit/(expense):-		
Origination and reversal of temporary difference	477	(89)
Over/(under) provision in respect of prior years	147	(35)
	<u>624</u>	<u>(124)</u>
Withholding tax	(3)	(1)
Income tax credit/(expense) recognised in profit or loss	<u>231</u>	<u>(407)</u>

## Relationship between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015	2014
	\$'000	\$'000
Loss before tax	<u>18,193</u>	<u>643</u>
Tax calculated at a tax rate of 17% (2014: 17%)	3,093	109
Adjustments:		
Expenses not deductible for tax purposes <sup>(1)</sup>	(2,424)	(357)
Income not subject to tax	238	14
Differential tax rate of overseas subsidiaries	353	(109)
Utilisation of current year reinvestment allowance	59	50
Effect on opening deferred tax on reduction of Malaysia income tax rate	-	(4)
Deferred tax assets not recognised	(1,186)	(313)
Tax exemption	5	5
Tax losses not available for future utilisation	(26)	(37)
Withholding tax	(3)	(1)
Overprovision in respect of prior years	122	236
Income tax credit/(expense)	<u>231</u>	<u>(407)</u>

<sup>(1)</sup> In 2014, the non-deductible expenses of the Group related mainly to expenses incurred by the Company as an investment holding company that were not attributable to its investment income. The non-deductible expenses of the Group in 2015 include impairment losses on property, plant and equipment and goodwill.

The corporate income tax rate applicable to Singapore companies of the Group is 17% (2014: 17%). The corporate income tax rates applicable to the People's Republic of China ("PRC") and Malaysia entities are 25% (2014: 25%).

According to the Applicable Enterprise Income Tax ("EIT") laws and regulations, income such as rental, royalty and profits from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable EIT Laws and regulations.

Pursuant to a tax treaty between the PRC and the Republic of Singapore, which became effective on 1 January 2008, a company incorporated in Singapore will be subject to a withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds 25% or more interests in the PRC company, or 10% if it holds less than 25% interests in the PRC company.

At the end of the current and previous financial years, certain subsidiaries of the Group (primarily in Malaysia) had undistributed earnings of \$4,929,000 (2014: \$6,363,000). The Group has not recorded withholding taxes on these undistributed earnings as the tax jurisdictions in which the earnings arose do not charge withholding taxes on the repatriation of these earnings.

The following deferred tax assets have not been recognised at the end of reporting period:-

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax assets :-				
Unutilised tax losses and capital allowances	7,591	6,252	4,927	4,927
Differences in depreciation	42	54	–	–
Allowance for inventory obsolescence	409	480	–	–
Others	60	59	–	–
	<u>8,102</u>	<u>6,845</u>	<u>4,927</u>	<u>4,927</u>

As at 31 December 2015, the Group has unutilised tax losses and unabsorbed capital allowances of \$43,454,000 (2014: \$36,495,000) available for set-off against future assessable income subject to agreement with the tax authorities on the relevant tax regulations. As at 31 December 2015, the Company has unutilised tax losses and unabsorbed capital allowances of \$28,983,000 (2014: \$28,983,000).

The above deferred tax assets in respect of the current period and prior years have not been recognised as the Directors are uncertain that there would be taxable profit available against which the deductible temporary differences carried forward of unused tax losses can be utilised.

### Deferred tax assets/liabilities

	Group	
	2015 \$'000	2014 \$'000
Deferred tax assets arise as a result of:-		
-Differences in depreciation	94	70
-Others	63	24
	<u>157</u>	<u>94</u>
Deferred tax liabilities arise as a result of :-		
-Differences in depreciation	239	830
	<u>239</u>	<u>830</u>

## 9. EXCEPTIONAL ITEMS

	Group	
	2015 \$'000	2014 \$'000
Impairment loss on property, plant and equipment (Note 12)	8,110	–
Impairment loss on goodwill (Note 11)	1,705	–
	<u>9,815</u>	<u>–</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

### 10. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the income and share data used in the computation of basic and diluted loss per share for the year ended 31 December.

	Group	
	2015 \$'000	2014 \$'000
Loss after income tax and attributable to owners of the Company for basic and diluted loss per share	(17,037)	(1,068)
	<u>2,637,354,343</u>	<u>1,930,779,802</u>
	2015	2014
Weighted average number of ordinary shares in issue applicable to basic and diluted loss per share	2,637,354,343	1,930,779,802

The diluted loss per share is the same as the basic loss per share as there were no outstanding convertible securities for both the financial years ended 31 December 2015 and 31 December 2014.

### 11. INTANGIBLE ASSETS

Group	Goodwill \$'000	Club membership \$'000	Customer relationships \$'000	Total \$'000
<u>Cost</u>				
At 1 January 2014	2,001	178	459	2,638
Currency realignment	(37)	–	–	(37)
At 31 December 2014 and 1 January 2015	1,964	178	459	2,601
Currency realignment	(259)	–	–	(259)
At 31 December 2015	<u>1,705</u>	<u>178</u>	<u>459</u>	<u>2,342</u>
<u>Accumulated amortisation and impairment loss</u>				
At 1 January 2014	–	83	36	119
Charge for the year	–	–	204	204
At 31 December 2014 and 1 January 2015	–	83	240	323
Charge for the year	–	–	204	204
Impairment loss for the year	1,705	50	–	1,755
At 31 December 2015	<u>1,705</u>	<u>133</u>	<u>444</u>	<u>2,282</u>
<u>Net carrying amount</u>				
At 31 December 2015	–	45	15	60
At 31 December 2014	<u>1,964</u>	<u>95</u>	<u>219</u>	<u>2,278</u>

#### **Customer relationships**

Customer relationships have remaining amortisation period of one year (2014: two years). The amortisation of customer relationships is included in the “selling and marketing costs” line item in the consolidated income statement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## ***Impairment testing of goodwill***

Goodwill acquired through business combinations in prior years had been allocated to the ECMS CGU for impairment testing.

Management conducts an annual review of whether goodwill is impaired. Management considers the growth trends, demand and supply forecast of the semiconductor and electronics industry and accordingly revises its forecast to reflect the developments in the global semiconductor market.

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:-

	2015	2014
Growth rates beyond five-year period	1%	0%
Pre-tax discount rate	16%	15%

## Key assumptions used in the value in use calculations

The calculation of value in use for the CGU is most sensitive to the following assumptions:

*Budgeted revenues* – Revenue growth of 22% forecasted for 2016 and an annual growth of 4% per annum for forecast period of 2017 to 2020.

*Budgeted gross margins* – Gross margins are based on references to historical performances. The increases in gross margins over the budgeted period are due to anticipated improvements arising from the utilisation of excess capacity.

*Growth rate* – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

*Pre-tax discount rate* – The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (“WACC”). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return of investment by the Group’s investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

## Impairment loss recognised

As a result of the above impairment review, an impairment loss of \$1,705,000 (2014: \$nil) was recognised to fully write down the carrying amount of the goodwill allocated to the ECMS segment. The impairment loss had been included in the “exceptional items” line item of the consolidated income statement.

<b>Company</b>	<b>Club membership \$'000</b>
<u>Cost</u>	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	178
<u>Accumulated impairment loss</u>	
At 1 January 2014, 31 December 2014 and 1 January 2015	83
Impairment loss for the year	50
At 31 December 2015	133
<u>Net carrying amount</u>	
At 31 December 2015	45
At 31 December 2014	95

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Machinery \$'000	Tools and equipment \$'000	Air con- ditioners \$'000	Computers \$'000	Other assets \$'000	Total \$'000
<u>Cost</u>								
At 1 January 2014	1,434	2,404	32,135	1,100	216	2,437	3,019	42,745
Currency realignment	(27)	(28)	(20)	13	(2)	3	14	(47)
Additions	–	–	1,471	63	3	163	13	1,713
Disposals	–	–	(69)	–	–	–	(11)	(80)
Written-off	–	–	(217)	(346)	–	(77)	(443)	(1,083)
Transfer to non-current assets held for sale (Note 20)	–	(2,376)	–	–	–	–	–	(2,376)
At 31 December 2014 and 1 January 2015	1,407	–	33,300	830	217	2,526	2,592	40,872
Currency realignment	(186)	(194)	(1,769)	13	(16)	(13)	(69)	(2,234)
Additions	–	–	874	49	6	39	83	1,051
Disposals	–	–	(1,348)	(4)	–	(2)	(83)	(1,437)
Written-off	–	–	(2)	–	–	(92)	(7)	(101)
Transfer from non-current assets held for sale (Note 20)	–	2,376	–	–	–	–	–	2,376
Transfer to non-current assets held for sale (Note 20)	–	(2,182)	–	–	–	–	–	(2,182)
At 31 December 2015	1,221	–	31,055	888	207	2,458	2,516	38,345
<u>Accumulated depreciation and impairment loss</u>								
At 1 January 2014	154	101	21,651	946	200	2,366	2,480	27,898
Currency realignment	(3)	(2)	77	12	(2)	2	16	100
Charge for the year	19	62	1,531	38	9	49	86	1,794
Disposals	–	–	(69)	–	–	–	(10)	(79)
Written-off	–	–	(195)	(317)	–	(71)	(400)	(983)
Transfer to non-current assets held for sale (Note 20)	–	(161)	–	–	–	–	–	(161)
At 31 December 2014 and 1 January 2015	170	–	22,995	679	207	2,346	2,172	28,569
Currency realignment	(24)	(21)	(1,225)	9	(14)	(14)	(55)	(1,344)
Charge for the year	18	58	2,128	82	7	98	98	2,489
Impairment loss	–	80	7,696	68	–	–	266	8,110
Disposals	–	–	(1,227)	(4)	–	(1)	(78)	(1,310)
Written-off	–	–	(2)	–	–	(89)	(6)	(97)
Transfer from non-current assets held for sale (Note 20)	–	161	–	–	–	–	–	161
Transfer to non-current assets held for sale (Note 20)	–	(278)	–	–	–	–	–	(278)
At 31 December 2015	164	–	30,365	834	200	2,340	2,397	36,300
<u>Net book value</u>								
At 31 December 2015	1,057	–	690	54	7	118	119	2,045
At 31 December 2014	1,237	–	10,305	151	10	180	420	12,303

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

- a) Other assets comprise renovation, furniture and fittings, motor vehicles and office equipment.
- b) During the financial year, the cash outflow on acquisition of property, plant and equipment amounted to \$1,051,000 (2014: \$1,713,000).

### Assets pledged as security

The Group's machinery with carrying amount of \$nil (2014: \$1,507,000) is mortgaged to secure the Group's bank borrowings (Note 24). These bank borrowings were repaid in the current financial year.

### Assets held under finance leases

The carrying amount of motor vehicles and machinery held under finance leases at the end of the reporting period was \$489,000 (2014: \$923,000). Lease assets are pledged as security for the related finance lease liabilities.

### Impairment loss recognised

The Group carried out a review of the recoverable amount of its property, plant and equipment as certain subsidiary companies had been persistently making losses. An impairment loss of \$8,030,000, representing the write-down of these property, plant and equipment to their recoverable amounts was recognised in the "exceptional items" line item of the consolidated income statement for the financial year ended 31 December 2015. The recoverable amount of these property, plant and equipment was based on its value in use and the pre-tax discount rate applied to value in use computation was 16% (2014: 15%) per annum.

<b>Company</b>	<b>Computers</b> \$'000
<u>Cost</u>	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	<u>2</u>
<u>Accumulated depreciation</u>	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	<u>2</u>
<u>Net book value</u>	
At 31 December 2014 and 31 December 2015	<u><u>-</u></u>

## 13. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2015</b> \$'000	<b>2014</b> \$'000
(a) Unquoted shares, at cost	41,017	41,017
Impairment loss	(30,495)	(21,331)
	<u>10,522</u>	<u>19,686</u>

### Impairment assessment of investment in subsidiaries

During the year, management had performed impairment assessments on certain subsidiaries which had been dormant or loss-making. Based on the assessments of the subsidiaries' historical and current performances, the estimated values and probability of future cash flows, management made additional impairment charges of \$9,164,000 (2014: \$2,845,000) in the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

(b) Amounts due from subsidiaries:-

	Company	
	2015 \$'000	2014 \$'000
Non-trade	14,830	10,034
Less: Allowance for impairment	(3,627)	(3,627)
	11,203	6,407

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash except for \$179,000 (2014: \$168,000) due from a subsidiary which bears interest at 6% (2014: 6%) per annum. Included in amounts due from subsidiaries is an amount of \$6,000 (2014: \$6,000) denominated in US dollars ("USD").

(c) Amounts due to subsidiaries :-

	Company	
	2015 \$'000	2014 \$'000
Non-trade	(881)	(1,289)

The amounts due to subsidiaries are unsecured, interest-free, repayable on demand and are to be settled in cash. Included in amounts due to subsidiaries is an amount of \$298,000 (2014: \$298,000) denominated in USD.

The subsidiaries at 31 December are:-

Name of company and place of business (Country of incorporation)	Principal activities	Proportion (%) of ownership interest	
		2015	2014
Held by the Company :-			
@ Microfits Pte Ltd (Singapore)	Design and manufacture of automatic moulding machines and other back-ended assembly equipment for the semiconductor industry	100	100
# Microfits (Beijing) Technology Co., Ltd (People's Republic of China)	Manufacture of precision tools, dies and moulds	100	100
^ Dragon Microfits Sdn. Bhd. (Malaysia)	Design of precision tools, dies and moulds	100	100
^^ ASA Multiplate (M) Sdn Bhd ("ASA Multiplate") (Malaysia)	Provision of thermal coating, surface finishing of electronics products Provision of thermal coating, surface finishing of electronics products and specialised electroplating of semiconductor products services	90	90
# Emerald Precision Engineering Sdn. Bhd. (Malaysia)	Fabrication of tooling, dies and related moulding of spares parts and other related business	100	100

The above list excludes subsidiaries that are insignificant to the operations of the Group.

- @ Audited by Ernst & Young LLP, Singapore.
- # Audited by member firms of Ernst & Young Global.
- ^ Audited by KCK Associates, Penang, Malaysia.
- ^^ Audited by CHI-LLTC, Penang, Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## Interest in subsidiary with material non-controlling interests ('NCI')

The Group has the following subsidiary that has NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	(Loss)/profit allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000
<b>2015</b>				
ASA Multiplate	Malaysia	10%	(895)	(613)
<b>2014</b>				
ASA Multiplate	Malaysia	10%	14	282

There were no dividends paid to the above NCI during the years ended 31 December 2015 and 31 December 2014.

## Summarised financial information about subsidiary with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows.

	ASA Multiplate	
	2015 \$'000	2014 \$'000
<b>Summarised balance sheet</b>		
<b>Current</b>		
Assets	2,330	4,566
Liabilities	7,549	7,477
Net current liabilities	(5,219)	(2,911)
<b>Non-current</b>		
Assets	77	7,502
Liabilities	990	1,778
Net non-current (liabilities)/assets	(913)	5,724
Net (liabilities)/assets	(6,132)	2,813
<b>Summarised income statement</b>		
Revenue	1,444	4,862
(Loss)/profit before income tax	(9,792)	78
Income tax credit/(expense)	543	(88)
Loss for the year	(9,249)	(10)
<b>Summarised statement of other comprehensive income</b>		
Loss for the year, representing total comprehensive income for the year	(9,249)	(10)
<b>Other summarised information</b>		
Net cash flows (used in)/generated from operations	(1,031)	541
Acquisition of property, plant and equipment	794	1,541

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## Business combinations in 2014

### Acquisition of additional interest in subsidiary

On 28 January 2014, the Company announced that it had entered into two sale and purchase agreements to purchase an additional 35% equity interest in ASA Multiplate (M) Sdn Bhd ("ASA Multiplate") which increased the Company's equity interest in ASA Multiplate to 90%. The consideration for the Acquisition was Malaysian Ringgit ("MYR") 5,950,000 (or approximately \$2,272,900) (the "Consideration"). The Consideration was satisfied by the allotment and issuance of 189,408,333 ordinary shares in the issued and paid-up capital of the Company (the "ASA Consideration Shares"), at an issue price of \$0.012 for each ASA Consideration Share being the market value of shares on 27 March 2014. The acquisition was completed on 27 March 2014.

The carrying value of the net assets of ASA Multiplate at 31 March 2014 was approximately \$2,985,000 and the carrying value of additional interest acquired was approximately \$1,045,000. The difference of \$1,228,000 between the consideration and the carrying value of the additional interest acquired had been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in ASA Multiplate on the equity attributable to owners of the Company:

	\$'000
Consideration paid for acquisition of non-controlling interests	2,273
Decrease in equity attributable to non-controlling interests	<u>(1,045)</u>
Premium paid on acquisition of NCI	<u>1,228</u>

## 14. INVENTORIES

	Group	
	2015 \$'000	2014 \$'000
<b>Balance sheet</b>		
Raw materials	1,298	1,185
Work-in-progress	1,987	2,260
Finished goods	1,515	2,205
Trading inventories	240	186
Goods-in-transit	2	4
	<u>5,042</u>	<u>5,840</u>
Allowance for stock obsolescence	<u>(2,621)</u>	<u>(2,316)</u>
	<u>2,421</u>	<u>3,524</u>
<b>Income statement</b>		
Inventories recognised as an expense in cost of sales	10,155	16,245
Inclusive of the following charge/(credit) :-		
- Inventories written-down	967	201
- Reversal of write-down of inventories	<u>(454)</u>	<u>(442)</u>

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts in the current financial year.

## 15. TRADE RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables – third parties	6,674	8,851	–	1

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Trade receivables denominated in foreign currencies as at 31 December are as follows:-

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
USD	3,242	3,965	–	–

### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$1,987,000 (2014: \$4,928,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015 \$'000	2014 \$'000
<b>Trade receivables past due but not impaired</b>		
Less than 30 days	480	2,018
30 to 60 days	923	759
61 to 90 days	405	935
91 to 120 days	46	276
More than 120 days	133	940
	<u>1,987</u>	<u>4,928</u>

### Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of allowance accounts used to record the impairment are as follows:-

	Group Individually impaired	
	2015 \$'000	2014 \$'000
Trade receivables – nominal amounts	409	501
Less: Allowance for impairment	(301)	(380)
	<u>108</u>	<u>121</u>

Movement in allowance accounts:-

	Group Individually impaired	
	2015 \$'000	2014 \$'000
At 1 January	380	533
Charge for the year	301	2
Provision written back	(212)	(50)
Utilised	(119)	(95)
Currency realignment	(49)	(10)
At 31 December	<u>301</u>	<u>380</u>

Trade receivables are individually determined to be impaired at the end of the reporting period based on the management's historical experience in the collection of debts from customers. These receivables are not secured by any collateral or credit enhancements except that a director of a subsidiary had provided a personal guarantee amounting to \$417,000 in relation to amounts owing from a trade debtor in 2014. The outstanding amounts have been settled in the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

### 16. PREPAYMENTS AND ADVANCES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Prepayments	162	246	6	8
Advances	219	68	–	–
	<u>381</u>	<u>314</u>	<u>6</u>	<u>8</u>

Advances relate mainly to advance payments made to suppliers of goods and professional services. These advance payments are expected to be utilised within the next twelve months.

### 17. OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deposits	194	232	–	–
Other receivables	80	62	–	–
	<u>274</u>	<u>294</u>	<u>–</u>	<u>–</u>
Less: Allowance for impairment	–	(23)	–	–
	<u>274</u>	<u>271</u>	<u>–</u>	<u>–</u>

The movement of the allowance accounts used to record the impairment is as follows:-

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January	23	–	–	–
Charge for the year	–	23	–	–
Utilised	(23)	–	–	–
At 31 December	<u>–</u>	<u>23</u>	<u>–</u>	<u>–</u>

### 18. AMOUNTS DUE FROM RELATED COMPANIES

Amounts due from related companies are unsecured, interest free and are repayable on demand and are to be settled in cash.

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade	368	1,860	–	–
Non-trade	913	32	–	–
	<u>1,281</u>	<u>1,892</u>	<u>–</u>	<u>–</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

### 19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at banks and on hand	3,071	5,844	57	2,290
Bank overdraft (Note 24)	(81)	(113)	–	–
Cash and cash equivalents	2,990	5,731	57	2,290

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
USD	708	1,119	2	6

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

### 20. NON-CURRENT ASSETS HELD FOR SALE

In 2014, the Company's 90% owned subsidiary, ASA Multiplate entered into a sale and purchase agreement to dispose of its 100% owned leasehold land and building located at Plot 52, Hilir Sungai Keluang, Bayan Lepas Industrial Park Phase 4, 11900 Penang ("Property"), with land area measuring 4,067 square meters and gross floor area measuring 3,065 square meters. The Property was occupied and used as a factory by ASA Multiplate. Leasehold land and building were reclassified as non-current assets held for sale as at 31 December 2014. The leasehold land and building were mortgaged to secure the Group's bank borrowings (Note 24). During 2015, the parties to the agreement had mutually agreed to terminate the agreement as regulatory approvals were not granted. Arising from the termination, the leasehold land and building were reclassified from non-current assets held for sale to property, plant and equipment.

In 2015, ASA Multiplate entered into a new sale and purchase agreement with a different buyer to dispose of the same Property for a cash consideration of MYR 5,800,000 (equivalent to approximately S\$1,905,000). The Property has been classified as non-current assets held for sale as at 31 December 2015. ASA Multiplate has subsequently obtained regulatory approvals in March 2016. Management had performed an impairment assessment and recognised an impairment loss of S\$80,000 prior to the reclassification to asset held for sale.

### 21. TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables and accruals	6,117	6,885	272	253
Provision for warranty	23	32	–	–
	6,140	6,917	272	253

Trade payables and accruals denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
USD	290	325	–	–

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

The Group provides a one-year warranty on most products under which faulty products are repaired or replaced. The amount of the accrual is based on the sales volume and past experience with the level of repairs and returns. Movement in warranty provision during the year is presented below:-

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(a) Analysis of provision for warranty:-				
At 1 January	32	43	–	–
Provision during the year	1	48	–	–
Provision written back	–	(43)	–	–
Utilised	(10)	(16)	–	–
At 31 December	23	32	–	–
(b) Warranty costs written off directly to profit or loss	65	153	–	–

### 22. OTHER PAYABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Amount due to a director of a subsidiary	100	804	–	–
Other creditors	406	480	–	–
Customer deposits	198	293	–	–
	704	1,577	–	–

Other payables denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
USD	–	111	–	–

Other creditors relate to interest-free unsecured loans previously made to a subsidiary by certain individuals with no fixed terms of repayment. Amount due to a director of a subsidiary is interest-free, unsecured and with no fixed term of repayment.

### 23. LEASE CREDITORS

	Minimum lease payments		Net present value of lease payments	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Group</b>				
Future payments payable for finance leases				
Within one year	204	475	199	444
Within two to five years	–	233	–	228
	204	708	199	672
Finance charges allocated to future periods	(5)	(36)	–	–
	199	672	199	672
Current portion			199	444
Non-current portion			–	228
			199	672

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Finance leases bear interest ranging from 6.49% to 6.80% (2014: 6.49% to 6.80%) per annum, which are also the effective interest rates.

The interest rates for the lease creditors are fixed upon entering into the lease agreements and are therefore not subject to fluctuations in market interest rates.

All assets acquired under finance leases are secured. The net book values of assets acquired under finance leases are disclosed in Note 12.

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

### 24. LOANS AND BORROWINGS

As at 31 December 2014, a non-current portion of a term loan of a subsidiary amounting to approximately \$1,068,000 included an overriding repayment on demand ("callable loan") clause which gave the lender the right to demand repayment at any time at their sole discretion irrespective of whether a default event had occurred. This amount was classified as a current liability in the balance sheet. The term loan was fully repaid in the current financial year.

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Term Loans	809	2,423	–	–
Less : Non-current portion of term loans	(751)	(938)	–	–
Current portion of term loans	58	1,485	–	–
Bank overdraft (Note 19)	81	113	–	–
Trade financing	91	106	–	–
Loans and borrowings (current)	230	1,704	–	–

- (a) Bank overdrafts and trade financing amounting to \$81,000 (2014: \$113,000) and \$91,000 (2014: \$106,000) respectively of a subsidiary are secured over legal charges over the leasehold land and buildings of the subsidiary. The effective interest rates for the bank overdrafts and trade financing are 7.60% (2014: 7.60%) and 7.55% (2014: 7.55%) per annum respectively.
- (b) A floating rate bank loan of a subsidiary of \$809,000 (2014: \$1,028,000) bears effective interest at 6.85% (2014: 5.1%) per annum. The interest rate is repriced on a monthly basis. The loan is secured on the leasehold land and buildings of the subsidiary and is repayable over 144 equal monthly instalments of MYR28,893 commencing from date of drawdown.
- (c) In 2014, a fixed rate bank loan of a subsidiary of \$1,006,000 carried effective interest at 4% per annum. The loan was secured on the leasehold land and buildings of the subsidiary and was repayable over 60 equal monthly instalments of MYR56,157 commencing from date of drawdown. The callable loan was classified as current in its entirety at 31 December 2014 and was fully repaid in the current financial year.
- (d) In 2014, a fixed rate bank loan of a subsidiary of \$389,000 carried effective interest at 4% per annum. The loan was secured on the leasehold land and buildings of the subsidiary and was repayable over 60 equal monthly instalments of MYR28,078 commencing from date of drawdown. The callable loan was classified as current in its entirety at 31 December 2014 and was fully repaid in the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

In 2014, a Malaysian subsidiary had not met the following covenants relating to bank borrowings (c) and (d) above amounting to an aggregate balance of \$1,395,000:

- Maintaining a Malaysian shareholding of not less than 60% throughout the tenure of borrowings; and
- Undertaking from the former directors and shareholders of the subsidiary not to withdraw the directors' and shareholders' advances of MYR500,000 and MYR1,341,000 respectively granted to subsidiary without the prior written consent of the financial institution during the tenure of borrowings and the said advances shall be fully subordinated to the principal, interest and other sum payable by subsidiary under the borrowings.

The outstanding loans of \$1,395,000 were fully repaid in the current financial year.

### 25. AMOUNTS DUE TO RELATED COMPANIES

Amounts due to related companies are unsecured, interest-free, repayable on demand and are to be settled in cash.

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade	46	12	–	–
Non-trade	249	169	22	14
	<u>295</u>	<u>181</u>	<u>22</u>	<u>14</u>

Amounts due to related companies denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
USD	68	29	22	13

### 26. AMOUNT DUE TO HOLDING COMPANY

Amount due to holding company is interest free, unsecured, repayable on demand and to be settled in cash except for outstanding balance of \$7,319,000 (2014: \$3,882,000) which bears effective interest rates of 4.10% (2014: 3.50%) per annum, and is repriced on a quarterly basis. An amount of \$1,350,000 (2014: \$nil) is not expected to be repaid within the next twelve months.

### 27. SHARE CAPITAL

	Group and Company	
	2015 \$'000	2014 \$'000
Issued and fully paid :-		
At beginning of the year:-		
2,637,354,343 (2014: 1,759,057,124) ordinary shares	130,965	125,610
Issuance of nil (2014: 688,888,886) new ordinary shares pursuant to share placement (Note (i))	–	3,100
Share issuance expenses relating to the share placement (Note (i))	–	(10)
Issuance of nil (2014: 189,408,333) shares pursuant to acquisition of additional interests (Note (ii)) in a subsidiary	–	2,273
Share issuance expenses relating to acquisition of a subsidiary (Note (ii))	–	(8)
At end of the year:-		
2,637,354,343 (2014: 2,637,354,343) ordinary shares	<u>130,965</u>	<u>130,965</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Note: -

- (i) In 2014, the Company entered into placement agreements with Dato' Loh Choon Kiang, Mr Loh Choon Piew, Ms Yeo Lay Muay and Mr Low Jinn Yenn for the allotment and issuance of 688,888,886 new ordinary shares in the paid-up capital of the Company at \$0.0045 per share for cash which was completed on 18 December 2014. The aggregate gross proceeds from the placement amounted to \$3,100,000. Expenses incurred for the placement exercise amounted to \$10,000.
- (ii) In 2014, the Company completed the allotment and issuance of 189,408,333 new ordinary shares as consideration for the Company's acquisition of additional equity interests in ASA Multiplate (M) Sdn. Bhd. at an issue price of \$0.012 per share (see Note 13). Expenses incurred for the exercise amounted to \$8,000.

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

## 28. OTHER RESERVES

- (a) Merger reserve

Merger reserve represents the difference between the consideration paid and the net assets of a subsidiary restructured under common control.

- (b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

## 29. DIVIDENDS

The directors do not recommend any dividend in respect of the financial year ended 31 December 2015. No dividend has been paid or declared since the end of the previous financial year.

## 30. OPERATING LEASE COMMITMENTS

### Lease commitments

The Group leases certain properties and office equipment under lease agreements that are non-cancellable within a year. The leases expire at various dates until 12 November 2017 and contain provisions for rental adjustments. These leases have no renewal option. The Group is restricted from subleasing the leased properties and office equipment to third parties.

There are no restrictions placed upon the lessee by entering into these leases. Operating lease payments recognised in the Group's profit or loss during the year amounted to \$1,083,000 (2014: \$1,039,000).

Future minimum lease payments for all leases with initial or remaining term of one year or more are as follows:

	Group	
	2015 \$'000	2014 \$'000
Not later than one year	393	973
Later than one year but not later than five years	209	622
	602	1,595

Lease commitments for the Group as at 31 December 2015 and 2014 relate mainly to the subsidiaries' rental payments for their office and factory premises.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 31. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Transactions with ASTI Group:-				
Purchases of goods	(42)	(11)	–	–
Sales of goods	2,054	5,028	–	–
Corporate support cost recovered	(600)	(600)	–	–
Interest expense on loans	(196)	(64)	(196)	(64)

	Group	
	2015 \$'000	2014 \$'000
Compensation to Directors of the Company		
- Directors' fee proposed	132	127
- Directors' remuneration	845	845
Compensation of key management personnel		
- Salaries	738	367
- Employer's contribution to defined contribution plans	28	27
Total compensation paid to Directors and key management personnel	1,743	1,366
Comprise amounts paid/payable to:		
- Directors of the Company	977	972
- Other key management personnel	766	394
	1,743	1,366

## 32. FINANCIAL SUPPORT

The Company has agreed to provide financial support to two subsidiaries to meet their liabilities as and when they fall due.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as cash and cash equivalents, trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the amount due to holding company and loans and borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts in a cost-efficient manner.

The following table sets out the carrying amount of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Floating rate</b>				
Loans and borrowings	809	1,028	–	–
Amount due to holding company	7,319	3,882	7,319	3,882
	<u>8,128</u>	<u>4,910</u>	<u>7,319</u>	<u>3,882</u>

Interest on financial instruments and amount due to holding company subject to floating interest rates is repriced as and when there is a change in the prevailing market interest rate. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

### Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 50 (2014: 50) basis points higher/lower with all other variables held constant, the Group and the Company's net loss after tax would have been \$33,000 higher/lower (2014: \$20,000 higher/lower) and \$30,000 higher/lower (2014: \$16,000 higher/lower) respectively.

### **(b) Foreign currency risk**

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, Renminbi ("RMB") and MYR. The foreign currency in which these transactions are denominated is mainly USD. Approximately 56% (2014: 53%) of the Group's sales are denominated in foreign currencies whilst almost all of its costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures. If necessary, the Group uses forward currency contracts to mitigate the currency exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (in USD) amount to \$708,000 (2014: \$1,119,000) and \$2,000 (2014: \$6,000) for the Group and the Company respectively.

### Sensitivity analysis for foreign currency risk

If the USD exchange rate strengthened/weakened by 5% (2014: 5%) with all other variables held constant, the Group's loss after tax would have been \$149,000 lower/higher (2014: \$191,730 lower/higher) .

### **(c) Credit risk**

Credit risk arising from the inability of a customer to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Group. The carrying amount of trade receivables, other debtors and cash and cash equivalents represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group's objective is to minimise losses incurred due to increased credit risk exposure. It is the Group's policy to sell to a diverse group of creditworthy customers so as to reduce concentration of credit risk. Information regarding financial assets that are either past due or impaired is disclosed in Notes 15 and 17. The top five trade debtor balances at balance sheet date accounted for approximately 54% (2014: 47%). These are multi-national corporations who are leading market players in the semiconductor, medical and scientific industries and have strong financial standing. 16% (2014: 17%) of the Group's trade and other receivables were due from related companies while almost all of the Company's receivables were balances with subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## Financial assets that are neither past due nor impaired

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

### (d) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group monitors its liquidity risk and is currently dependent on its cash flow generated from operations and if necessary, advances from its holding company to support its working capital. The Group also ensures availability of bank credit lines to address any short-term funding requirement.

## Analysis of financial instruments by the remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:-

Group	2015 \$'000				2014 \$'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
<b>Financial assets:</b>								
Trade receivables, net	6,674	–	–	6,674	8,851	–	–	8,851
Other receivables, net	274	–	–	274	271	–	–	271
Amounts due from related companies	1,281	–	–	1,281	1,892	–	–	1,892
Cash and cash equivalents	3,071	–	–	3,071	5,844	–	–	5,844
<b>Total undiscounted financial assets</b>	<b>11,300</b>	<b>–</b>	<b>–</b>	<b>11,300</b>	<b>16,858</b>	<b>–</b>	<b>–</b>	<b>16,858</b>
<b>Financial liabilities:</b>								
Trade payables and accruals	6,140	–	–	6,140	6,917	–	–	6,917
Other payables	704	–	–	704	1,577	–	–	1,577
Lease creditors	204	–	–	204	475	233	–	708
Loans and borrowings	287	455	624	1,366	1,783	525	648	2,956
Amounts due to related companies	295	–	–	295	181	–	–	181
Amount due to holding company	6,272	–	1,405	7,677	4,427	–	–	4,427
<b>Total undiscounted financial liabilities</b>	<b>13,902</b>	<b>455</b>	<b>2,029</b>	<b>16,386</b>	<b>15,360</b>	<b>758</b>	<b>648</b>	<b>16,766</b>
<b>Total net undiscounted financial (liabilities)/assets</b>	<b>(2,602)</b>	<b>(455)</b>	<b>(2,029)</b>	<b>(5,086)</b>	<b>1,498</b>	<b>(758)</b>	<b>(648)</b>	<b>92</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Company	2015 \$'000			2014 \$'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Total
<b>Financial assets:</b>							
Trade receivables	–	–	–	–	1	–	1
Amounts due from subsidiaries	11,203	–	–	11,203	6,417	–	6,417
Cash and cash equivalents	57	–	–	57	2,290	–	2,290
<b>Total undiscounted financial assets</b>	<b>11,260</b>	<b>–</b>	<b>–</b>	<b>11,260</b>	<b>8,708</b>	<b>–</b>	<b>8,708</b>
<b>Financial liabilities:</b>							
Trade payables and accruals	272	–	–	272	253	–	253
Amounts due to subsidiaries	881	–	–	881	1,289	–	1,289
Amounts due to related companies	22	–	–	22	14	–	14
Amounts due to holding company	6,215	–	1,405	7,620	4,083	–	4,083
<b>Total undiscounted financial liabilities</b>	<b>7,390</b>	<b>–</b>	<b>1,405</b>	<b>8,795</b>	<b>5,639</b>	<b>–</b>	<b>5,639</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>3,870</b>	<b>–</b>	<b>(1,405)</b>	<b>2,465</b>	<b>3,069</b>	<b>–</b>	<b>3,069</b>

## 34. FAIR VALUE OF ASSETS AND LIABILITIES

### a) Fair value hierarchy

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

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and,
- Level 3 – Unobservable inputs for the asset of liability.

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

During the years ended 31 December 2015, there have been no transfers between Level 1 and Level 2 and no transfers into or out of Level 3.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

The fair values of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:-

Note	Group				Company				
	2015		2014		2015		2014		
	\$'000		\$'000		\$'000		\$'000		
	Carrying amount	Fair value (Level 3)	Carrying amount	Fair value (Level 3)	Carrying amount	Fair value	Carrying amount	Fair value	
<b>Financial liabilities</b>									
<i>Lease creditors</i>									
Obligations under finance leases	23	199	198	672	671	–	–	–	–

The fair values of obligations under finance leases as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing arrangements at the end of the reporting period.

Management has determined that the carrying amounts of loans and borrowings based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are re-priced frequently.

### 35. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Loans and receivables</b>					
Trade receivables	15	6,674	8,851	–	1
Other receivables	17	274	271	–	–
Amounts due from subsidiaries	13	–	–	11,203	6,407
Amounts due from related companies	18	1,281	1,892	–	–
Cash and cash equivalents	19	3,071	5,844	57	2,290
		<u>11,300</u>	<u>16,858</u>	<u>11,260</u>	<u>8,698</u>
<b>Financial liabilities measured at amortised cost</b>					
Trade payables and accruals	21	6,140	6,917	272	253
Other payables	22	704	1,577	–	–
Amounts due to subsidiaries	13	–	–	881	1,289
Lease creditors	23	199	672	–	–
Loans and borrowings	24	981	2,642	–	–
Amounts due to related companies	25	295	181	22	14
Amount due to holding company	26	7,377	4,291	7,320	3,947
		<u>15,696</u>	<u>16,280</u>	<u>8,495</u>	<u>5,503</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

### 36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Group monitors its monthly cash flows and also manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies and processes during the years ended 31 December 2015 and 31 December 2014. The Group is in compliance with all externally imposed capital requirements, except in 2014 where a subsidiary of the Company failed to meet certain externally imposed capital requirements as disclosed in Note 24.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, lease creditors, amount due to related companies, amount due to holding company, trade payables and accruals, and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	\$'000	\$'000
Loans and borrowings	981	2,642
Lease creditors	199	672
Amount due to related companies	295	181
Amount due to holding company	7,377	4,291
Trade payables and accruals	6,140	6,917
Other payables	704	1,577
Less: Cash and cash equivalents	(3,071)	(5,844)
<i>Net Debt</i>	12,625	10,436
Equity attributable to owners of the Company	2,763	19,764
<i>Total Capital</i>	2,763	19,764
Capital and net debt	15,388	30,200
Gearing ratio	82%	35%

### 37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 4 April 2016.

## **APPENDIX 3**

Advanced Systems Automation Limited | ANNUAL REPORT 2015

### **THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

**APPENDIX DATED 13 April 2016**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

This Appendix is circulated to shareholders (“**Shareholders**”) of Advanced Systems Automation Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 31 December 2015 (the “**Annual Report**”). Its purpose is to explain the rationale and provide information to the Shareholders for the proposed renewal of the IPT Mandate (as defined in this Appendix) to be tabled at the annual general meeting (“**AGM**”) of the Company to be held on 29 April 2016 at 1.30 p.m. at Blk 25, Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416 (the “**2016 AGM**”).

The Notice of the 2016 AGM and the Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your ordinary shares in the capital of the Company (“**Shares**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Appendix with the Annual Report, the Notice and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix with the Annual Report, the Notice and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Appendix, the Annual Report, the Notice and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

*This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, Canaccord Genuity Singapore Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section: Rules of Catalist (“**Catalist Rules**”). The Sponsor has not independently verified the contents of this Appendix.*

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

*The contact person for the Sponsor is Mr Tee Chun Siang, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 68546160.*



**Advanced Systems Automation Limited**

**ADVANCED SYSTEMS AUTOMATION LIMITED**  
(Company Registration No. 198600740M)  
(Incorporated in the Republic of Singapore)

**APPENDIX TO THE ANNUAL REPORT**

**IN RELATION TO**

**THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

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**ADVANCED SYSTEMS AUTOMATION LIMITED**  
(Company Registration No. 198600740M)  
(Incorporated in the Republic of Singapore)

**Directors :**

Dato' Michael Loh Soon Gnee  
Dato' Khor Gark Kim  
Mohd. Sopiyan B. Mohd. Rashdi  
Dr Kenneth Yu Keung Yum  
Dr Tan Jok Tin

**Registered Office :**

Blk 25, Kallang Avenue, #02-01,  
Kallang Basin Industrial Estate,  
Singapore 339416

**13 April 2016**

**To: The Shareholders of Advanced Systems Automation Limited**

Dear Sir / Madam,

**THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

**1. INTRODUCTION**

We refer to the Notice of AGM of Advanced Systems Automation Limited (the "**Company**" or "**ASA**") convening the AGM of the Company to be held on 29 April 2016 at 1.30 p.m (the "**2016 AGM**").

The purpose of this Appendix, circulated together with the Annual Report 2015, is to provide the Shareholders with the relevant information relating to, and to seek Shareholders' approval in respect of Resolution No. 7 for the renewal of the Shareholders' mandate for interested persons transactions ("**IPTs**").

Shareholders are advised to consult their respective stockbrokers, bank managers, solicitors, accountants or other professional advisers immediately if they are in any doubt as to the action that they should take in relation to this Appendix.

If you have sold or transferred all your Shares, you should immediately forward this document, the Annual Report, the Notice and the accompanying Proxy Form to the purchaser or transferee or to the stockbroker, bank or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

Shareholders are advised that the SGX-ST and the Sponsor assume no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinion made or reports contained in this Appendix.

**2. THE SHAREHOLDERS' MANDATE**

The Company had, at an extraordinary general meeting ("**EGM**") held on 24 October 2008, sought and obtained the approval of Shareholders for a general mandate to enable the Company and its subsidiaries (collectively, the "**ASA Group**"), to enter into certain types of recurrent IPTs of a revenue or trading nature or those necessary for its day-to-day operations with ASTI Holdings Limited ("**ASTI**") and its subsidiary companies (collectively, the "**ASTI Group**") (the "**IPT Mandate**") in the ordinary course of business, provided that such transactions are made on normal commercial terms and in accordance with the review procedures of such transactions. The IPT Mandate is subject to annual renewal.

The current IPT Mandate of the Company was expressed to have effect until the next AGM of the Company and will expire on 29 April 2016, being the date of the 2016 AGM of the Company. Accordingly, it is proposed that the IPT Mandate be tabled to Shareholders for approval at the 2016 AGM for the renewal of the IPT Mandate pursuant to Chapter 9 of the Catalist Rules.

**3. THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE**

The proposed renewal of the IPT Mandate will enable the Company, its subsidiary companies and associated companies which are considered to be 'entities at risk' within the meaning of Rule 904(2) of the Catalist Rules, in their ordinary course of business, to enter into categories of transactions with specified classes of the Company's interested persons, provided that such transactions are entered into on an arm's length basis and on normal commercial terms.

There is no change in the categories of transactions, entities at risk and interested persons in the proposed renewal of the IPT Mandate.

The renewed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto at the 2016 AGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next AGM of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of the Company of its continued relevance and application to the transactions with interested persons. The renewal of the IPT Mandate has to be made in accordance with, and in the manner prescribed by the Catalist Rules, and such other laws and regulations as may for the time being be applicable. It shall also be subject to satisfactory review by the Audit Committee and the continued requirements of the IPT Mandate and the procedures for the transactions.

No person is proposed to be appointed as a director to the Company in connection with the IPT Mandate.

#### 4. DETAILS OF THE IPT MANDATE

The particulars of the IPT Mandate, the rationale and benefits for the renewal of the IPT Mandate and the review procedures relating to the IPTs in respect of which the IPT Mandate is sought to be renewed remain unchanged and are set out in the Annexure to this Appendix.

#### 5. AUDIT COMMITTEE STATEMENT

The Audit Committee, comprising Mr Mohd. Sopiyan B. Mohd. Rashdi (Chairman), Dato' Khor Gark Kim and Dr Kenneth Yu Keung Yum, has reviewed the terms of the proposed renewal of the IPT Mandate and is satisfied and confirms that:-

- (i) the review procedures as set out in paragraph 4 in the Annexure have not changed since the approval of the IPT Mandate by the Shareholders at the EGM held on 24 October 2008, with the last Shareholders' approval for the renewal of the IPT Mandate being obtained at the last AGM held on 30 April 2015; and
- (ii) the review procedures for the IPTs as well as the reviews to be made periodically by the Audit Committee in relation thereto, remain adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If the Audit Committee, during its periodic reviews, is of the view that the review procedures as stated in paragraph 4 in the Annexure have become inappropriate or insufficient in view of the changes to the nature of, or the manner in which, the business activities of the ASA Group are conducted, the Company will proceed to seek Shareholders' approval for a fresh mandate based on new guidelines and review procedures to ensure that such IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

#### 6. COMMON DIRECTORSHIPS

Dato' Michael Loh Soon Gnee is a director of ASTI and ASA. Dato' Michael Loh Soon Gnee is also the Executive Chairman and Chief Executive Officer of ASTI and ASA. Mr Timothy Lim Boon Liat is the Group Administrative Officer of ASTI and ASA and an Executive Director of ASTI. Mr Chee Kim Huei is the Vice President of Finance of ASTI and ASA. Dato' Michael Loh Soon Gnee, Mr Timothy Lim Boon Liat and Mr Chee Kim Huei are also directors of Semiconductor Technologies & Instruments Pte Ltd ("**STI**") and Telford Industries Pte Ltd ("**Telford**"). STI and Telford are subsidiaries of ASTI.

#### 7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

##### Substantial Shareholders

Shareholders with equal to or more than 5 per cent. (5%) interest in the issued and paid-up capital of the Company (the "**Substantial Shareholders**") as recorded in the Register of Substantial Shareholders as at 4 April 2016, being the latest practicable date ("**Latest Practicable Date**"), are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of issued Shares <sup>(1)</sup>	No. of Shares	% of issued Shares <sup>(1)</sup>	No. of Shares	% of issued Shares <sup>(1)</sup>
ASTI	966,798,655	36.66	-	-	966,798,655	36.66
Dato' Loh Choon Kiang	255,555,555	9.69	-	-	255,555,555	9.69
Loh Choon Piew	255,555,555	9.69	-	-	255,555,555	9.69
Saw Lip Piau	135,291,667	5.13	-	-	135,291,667	5.13

## Directors

The interests of the directors of the Company (the “**Directors**”) in the Shares as recorded in the Register of Directors’ Shareholdings as at the Latest Practicable Date is as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% of issued Shares <sup>(1)</sup>	No. of Shares	% of issued Shares <sup>(1)</sup>	No. of Shares	% of issued Shares <sup>(1)</sup>
Dato’ Michael Loh Soon Gnee	-	-	-	-	-	-
Dato’ Khor Gark Kim	-	-	-	-	-	-
Mohd. Sopiyan B. Mohd. Rashdi	-	-	-	-	-	-
Dr Kenneth Yu Keung Yum	-	-	-	-	-	-
Dr Tan Jok Tin	-	-	-	-	-	-

### Note:

- (1) The percentage shareholding is based on the total issued share capital of the Company of 2,637,354,343 Shares as at the Latest Practicable Date.

## 8. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

ASTI and Dato’ Michael Loh Soon Gnee will abstain from voting and have also undertaken to ensure that their associates will abstain from voting in relation to the proposed renewal of the IPT Mandate in respect of their respective shareholdings in the Company and will not accept nominations as proxies or otherwise for voting at the 2016 AGM unless an independent Shareholder appointing them as proxies has given specific instruction as to voting.

## 9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2016 AGM and wish to appoint a proxy to attend and vote at the 2016 AGM on their behalf will find, attached to the Annual Report, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at Blk 25, Kallang Avenue, #02-01, Kallang Basin Industrial Estate, Singapore 339416, not later than forty-eight hours (48) before the time fixed for holding the 2016 AGM.

The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2016 AGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the 2016 AGM and to speak and vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the 2016 AGM.

## 10. DIRECTORS’ RECOMMENDATIONS

Having fully considered, *inter alia*, the continuing validity of the rationale and benefits for the proposed renewal of the IPT Mandate, the scope, guidelines and review procedures of the IPT Mandate, the Directors who are deemed to be independent for the purposes of making a recommendation to Shareholders in respect of the proposed renewal of the IPT Mandate, being Dato’ Khor Gark Kim, Dr Kenneth Yu Keung Yam, Mr Mohd. Sopiyan B. Mohd. Rashdi and Dr Tan Jok Tin (the “**Independent Directors**”) are of the opinion that the proposed renewal of the IPT Mandate is in the best interests of the Company. Accordingly, the Independent Directors recommend that the Shareholders vote in favour of the ordinary resolution in relation to the proposed renewal of the IPT Mandate.

## 11. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the ASA Group, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources, or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company at Blk 25, Kallang Avenue, #02-01, Kallang Basin Industrial Estate, Singapore 339416, during normal business hours from the date of this Appendix up to and including the date of the 2016 AGM:

- (i) the Constitution of the Company; and
- (ii) the FY2015 Annual Report of the Company.

Yours faithfully

For and on behalf of the Board of Directors of  
**ADVANCED SYSTEMS AUTOMATION LIMITED**

Dato' Michael Loh Soon Gnee  
Executive Chairman and Chief Executive Officer

## 1. Requirements of Chapter 9 of the Catalyst Rules

- 1.1 Chapter 9 of the Catalyst Rules governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and are hence excluded from the ambit of Chapter 9, immediate announcement, or, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA) are reached or exceeded. In particular, shareholders' approval is required where:
- 5% of the listed company's latest audited consolidated net tangible asset ("NTA"); or
  - 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Catalyst Rules) during the same financial year.
- Interested person transactions below S\$100,000 each are to be excluded.
- 1.3 Based on the latest audited consolidated financial statements of the ASA Group for FY2015, the consolidated NTA of the ASA Group was approximately S\$2,090,000. In relation to the Company, for the purpose of Chapter 9 of the Catalyst Rules, in the current financial year and until such time that the consolidated audited financial statements of the ASA Group for FY2015 are published, 5 per cent (5%) of the latest audited consolidated NTA of the ASA Group would be S\$104,500.
- 1.4 Pursuant to Rule 909 of the Catalyst Rules, the value of a transaction is the amount at risk to the listed company. This is illustrated by the following examples:
- In the case of a partly-owned subsidiary or associated company, the value of the transaction is the listed company's effective interest in that transaction;
  - In the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk; and
  - In the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan.
- 1.5 Rule 920 of the Catalyst Rules permits a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, (but not in respect of the purchase or sales of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate granted by shareholders is subject to annual renewal.
- 1.6 In accordance with the requirements of Chapter 9 of the Catalyst Rules, the Company must:
- disclose in the Company's annual report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the IPT Mandate continues in force); and
  - announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

The name of the Interested Person and the corresponding aggregate value of the IPT will be presented in the following format:

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all IPTs conducted under the IPT Mandate (excluding transactions less than S\$100,000)

## 2. Categories of Interested Persons

- 2.1 Pursuant to the definition set out in Chapter 9 of the Catalist Rules, an interested person in the case of a company means a director, chief executive officer or controlling shareholder of the company or an associate of such director, chief executive officer or controlling shareholder (the "**Interested Person**").
- 2.2 ASTI holds 36.66% of the total number of issued and paid-up shares in the capital of the Company as at the Latest Practicable Date. Dato' Michael Loh Soon Gnee, who is a Director, Chief Executive Officer and Executive Chairman of the Company, is also a substantial shareholder, director and executive chairman of ASTI. Accordingly, ASTI and companies within the ASTI Group as well as Dato' Michael Loh Soon Gnee are deemed to be Interested Persons of the ASA Group for the purposes of Chapter 9 of the Catalist Rules, and transactions between them constitute interested person transactions pursuant to Chapter 9 of the Catalist Rules.
- 2.3 The ASTI Group includes, but is not limited to, ASTI, STI and Telford.

ASTI is incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited. Its principal activities are those of investment holdings and acting as corporate manager and advisor in connection with the administration and organisation of the businesses of its subsidiary companies and related companies.

STI is a company incorporated in Singapore whose principal activities are research, design, development, manufacturing and marketing of backend semiconductor inspection and packing machines and equipment.

Telford is a company incorporated in Singapore whose principal activities are provision of semiconductor manufacturing services for surface mount technology components.

## 3. The Interested Person Transactions

- 3.1 Pursuant to the IPT Mandate, the interested person transactions that will be covered are the following trade related transactions ("**Trade Related Transactions**"):

- (a) sale and purchase of machines and components to/from ASTI Group; and
- (b) machining and assembly transactions with ASTI Group.

### 3.2 Sale and purchase of machines and components

The ASA Group manufactures Automatic Backend Assembly Line (the "**Product**"), which is an integrated line of manufacturing equipment, manufactured and designed based on the customised needs of the Company's customers.

Some equipment and machine modules which are used in the Product are manufactured by the ASA Group while others are purchased from third-party manufacturers. The ASTI Group, in particular STI, manufactures equipment or components which can be used in the Product, namely 3D inspection systems and post inspection systems.

STI is a pack and scan equipment manufacturer.

Generally, equipment or components purchased from third-party manufacturers require modification or customisation before they can be incorporated into the Product. However, for various reasons, including the general reluctance of third-party manufacturers to disclose or provide their proprietary technical information, third party manufacturers are often reluctant or unwilling to assist in modifying or customising their equipment or components. From the ASA Group's experience with such manufacturers, third-party manufacturers are also unable or unwilling to carry out the required modification or customisation to meet the specific requirements of the ASA Group's customers at the speed necessary for the ASA Group to meet its delivery commitments with the customer.

Being part of the same group of related companies, the ASTI Group has indicated that it is able and willing to provide prompt support to the ASA Group in the modification process of its equipment, as required by the ASA Group's customers. In its past dealings with the ASA Group, STI has been able to provide quality products to the ASA Group while meeting exacting delivery time requirements. The ASTI Group's actions as set out above, will enable the ASA Group to launch its Product speedily to its customers.

Further to the above, from time to time, the ASA Group upgrades the equipment and/or components used in their business. In such instances, replaced equipment may be sold to third parties, as well as to one or more of the companies in the ASTI Group.

The ASA Group intends to sell and/or purchase semiconductor manufacturing equipment and components to and/or from the ASTI Group as long as the pricing is comparable to or more favourable than that obtained from unrelated third-party vendors and it is in the interest of the ASA Group to do so.

### 3.3 Machining and assembly transactions

STI is required to purchase fabrication parts from its vendors for its manufacturing of semiconductor equipment. Emerald Precision Engineering Sdn. Bhd. ("**Emerald**"), a wholly-owned subsidiary of the ASA Group, is one of the vendors of supplying fabrication parts to STI. STI is expected to continue outsourcing its fabrication parts to Emerald. In addition, there are also possibilities that STI may outsource its equipment assembly work to the ASA Group.

Any such machining and assembly transactions between the ASA Group and the ASTI Group will be conducted on an arm's length basis. The ASA Group intends to continue entering into such contracts with STI and/or other companies in the ASTI Group for the fabrication of parts, so long as the terms of such transactions (including pricing and delivery terms) are comparable to or better than those with unrelated third parties and it is in the interests of the ASA Group to do so.

### 3.4 Rationale for and Benefits of the IPT Mandate

It is envisaged that the ASA Group would, in the ordinary course of its business, enter into Trade Related Transactions with the ASTI Group, and it is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

The Directors are of the view that it will be beneficial to the ASA Group to continue the Trade Related Transactions with the ASTI Group for the following reasons:

- (a) the Trade Related Transactions will be entered into on terms comparable to or better than what the ASA Group is able to obtain from other unrelated third party suppliers and/or customers;
- (b) the ASTI Group provides a competitive edge to the ASA Group by providing technology and engineering capabilities which the ASA Group does not already have; and
- (c) such Trade Related Transactions help to improve the bottom line and the resilience of the ASA Group's business.

Transactions with the ASTI Group are based on the terms set out herein.

The IPT Mandate will not cover transactions of value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would, in any event, not apply to such transactions. In addition, the IPT Mandate will not include transactions for the purchase or sale of assets, undertakings or businesses that are not in the Company's ordinary course of business.

The IPT Mandate is intended to facilitate Trade Related Transactions in the ordinary course of business of the ASA Group which are transacted from time to time with the ASTI Group, provided they are transacted on normal commercial terms and will not be prejudicial to the interests of the ASA Group and minority Shareholders.

## 4. **Review Procedures for the Interested Persons Transactions**

The ASA Group has put in place the following review procedures to ensure that the Trade Related Transactions between the ASA Group and any Interested Persons will be conducted at arm's length, on normal commercial terms and will not be prejudicial to the interests of the ASA Group and the minority Shareholders.

### 4.1 All Trade Related Transactions of S\$100,000 and above in value shall not be entered into unless the terms are determined as follows:

- (a) in relation to the sale of machines or machine parts to the ASTI Group, the selling price shall not be more favourable to the ASTI Group than that offered to the Company's unrelated third party customers in recent transactions, after taking into consideration non-price factors such as customers' credit standing, transaction volume, delivery requirements, length of business relationship and potential for future repeat business;
- (b) in relation to the supply of fabrication services to the ASTI Group, the price shall not be more favourable to the ASTI Group than that offered to the Company's unrelated third party customers in recent transactions after taking into consideration non-price factors as mentioned in sub-paragraph (a) above and additional factors such as the type of facilities available and material requirements; and
- (c) in relation to the purchase of machines, machine parts or components from the ASTI Group, the ASA Group shall obtain two other quotations from unrelated third party suppliers for comparison. The purchase price shall not be less favourable to the ASA Group than the most competitive price quoted by other unrelated third party suppliers. In determining the most competitive price, non-price factors such as transaction volume, material requirements, quality, delivery time, credit terms and track record will be taken into account.

- 4.2 In the event that it is not possible to obtain external quotations (for instance, if there is no unrelated third party suppliers who is able to provide the same products or perform the same services) or there are no relevant successful sales of products or services to unrelated third party customers for comparison, the Company will adopt the following procedures to determine whether the prices offered by or to the ASTI Group are in accordance with the industry norms, at arm's length basis and on normal commercial terms:
- (a) for purchases of machine, machine parts or components from the ASTI Group, the purchase price must be no less favourable to the ASA Group than that charged by the ASTI Group to their other unrelated third party customers after taking into consideration other non-price factors such as transaction volume, material requirements, quality, delivery time, track record and credit terms. The ASA Group will obtain from the ASTI Group and elsewhere the necessary evidence to satisfy the ASA Group that the basis set out herein has been adhered to in the purchases from them. The ASA Group will also consider the cost and benefits of such transactions to the ASA Group; and
  - (b) for sale of machines or machine parts and the supply of fabrication services to the ASTI Group, the price charged by the ASA Group shall be determined in accordance with the ASA Group's usual business practices and consistent with the ASA Group's profit margin to be obtained by the ASA Group from unrelated third party customers for the same or substantially the same products and services after taking into consideration non-price factors such as customers' credit standing, transaction volume, delivery requirements, length of business relationship, type of working facilities and equipment available, scope of supply of materials and potential for future repeat business.
- 4.3 In addition, the following review and approval procedures will be implemented by the Company:
- (a) any Trade Related Transaction that equals or exceeds S\$100,000 but is less than or equal to S\$500,000 in value will be reviewed and approved by the Vice President in charge of the operations and the Head of Finance (each of whom shall not be an Interested Person in respect of the particular transaction) prior to entering into the transaction; and
  - (b) any Trade Related Transaction that exceeds S\$500,000 will be reviewed and approved by the Audit Committee prior to entering into the transaction.
- 4.4 The ASA Group has also implemented the following procedures for the identification of interested persons and the recording of interested person transactions (including the Trade Related Transactions):
- (a) the ASA Group will maintain a list of Interested Persons (which is to be updated immediately if there are any changes) and will disclose the list to relevant key personnel of each ASA Group company to enable identification of Interested Persons. The master list of Interested Persons which is maintained shall be reviewed by Audit Committee on a quarterly basis; and
  - (b) the ASA Group will maintain a centralised master register of transactions carried out with Interested Persons which will record the basis on which these transactions were entered into, including the quotations obtained to support such basis. This centralised master register will be maintained by a finance manager who is not interested in the IPTs.
- 4.5 The Company's Audit Committee will:
- (a) carry out regular periodic reviews to ascertain that the established guidelines and procedures for the IPTs have been complied with;
  - (b) review the IPTs on a quarterly basis as part of its standard procedures while examining the adequacy of the ASA Group's internal controls including those relating to IPTs;
  - (c) request additional information pertaining to the transaction under review from independent sources, advisers or valuers as it may deem fit; and
  - (d) approve the review procedures and arrangements for all future IPTs to ensure that they are transacted on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.
- If the Audit Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the IPT will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will defer to the minority Shareholders for a fresh mandate based on new guidelines and procedures.
- 4.6 In the event that the Vice President in charge of the operations, the Head of Finance, a Director or a member of the Audit Committee (where applicable) has an interest in any IPT, he or she will abstain from reviewing and/or approving that particular transaction.
- 4.7 The Board will ensure that all disclosure requirements on IPTs, including those required by prevailing legislation, the Catalyst Rules and accounting standards, are complied with.

- 4.8 Any transactions with the ASTI Group will be conducted on an arm's length basis and subject to usual commercial terms. No rebates or commissions will be given, directly or indirectly, to the ASTI Group.
- 4.9 The IPT Mandate will not cover an IPT which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Catalist Rules would not apply to such transactions.

## **5. Audit Committee's Statement**

The Audit Committee is satisfied that the review procedures for the IPT as well as the reviews made periodically by the Audit committee in relation thereto, are adequate in ensuring that the IPT will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If during the periodic reviews by the Audit Committee, it is of the view that the established procedures are no longer appropriate or adequate in ensuring that the IPT will be transacted on normal commercial terms and not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new guidelines and review procedures.

In accordance with Rule 920(1)(c) of the Catalist Rules, an independent financial adviser's opinion is not required for the renewal of the IPT Mandate as the Audit Committee confirms that:

- (a) the methods or procedures for determining the IPT prices have not changed since the last Shareholders' approval were obtained at the previous AGM; and
- (b) the methods or procedure in (a) above are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders.

## **APPENDIX 4**

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### **STATISTICS OF SHAREHOLDINGS**

# STATISTICS OF SHAREHOLDINGS

As at 22 March 2016

<b>Number of Equity Securities</b>	:	2,637,354,343
<b>Class of Equity Securities</b>	:	Ordinary shares (excludes treasury shares)
<b>Voting Rights</b>	:	One vote per share (excludes treasury shares)

The Company does not have any treasury shares.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	692	10.39	44,003	0.00
100 - 1000	2,018	30.30	818,868	0.03
1,001 - 10,000	2,015	30.26	8,431,033	0.32
10,001 - 1,000,000	1,815	27.25	257,166,671	9.75
1,000,001 and above	120	1.80	2,370,893,768	89.90
<b>Total</b>	<b>6,660</b>	<b>100.00</b>	<b>2,637,354,343</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

S/No	Name	No. of Shares	%
1.	ASTI HOLDINGS LIMITED	966,798,655	36.66
2.	LOH CHOON KHIANG	255,555,555	9.69
3.	LOH CHOON PIEW	255,555,555	9.69
4.	SAW LIP PIAU	135,291,667	5.13
5.	MAYBANK KIM ENG SECURITIES PTE. LTD.	76,538,438	2.90
6.	YEO LAY MUAY	63,890,588	2.42
7.	CITIBANK CONSUMER NOMINEES PTE LTD	54,188,799	2.05
8.	UOB KAY HIAN PTE LTD	51,337,323	1.95
9.	RAFFLES NOMINEES (PTE) LIMITED	50,856,112	1.93
10.	LOW JINN-YENN	44,212,188	1.68
11.	TOK BOON SEONG	19,647,726	0.74
12.	PHILLIP SECURITIES PTE LTD	18,709,154	0.71
13.	WONG YUN HEY	16,000,000	0.61
14.	TEO EE PHIOW	15,320,000	0.58
15.	OCBC SECURITIES PRIVATE LIMITED	13,178,218	0.50
16.	DBS NOMINEES (PRIVATE) LIMITED	12,525,550	0.47
17.	WONG HAN YEW	11,744,000	0.45
18.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	10,779,445	0.41
19.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,776,499	0.41
20.	CHEN MINGLUE	10,095,000	0.38
	<b>Total</b>	<b>2,093,000,472</b>	<b>79.36</b>

Based on the information available to the Company as at 22 March 2016, approximately 38.83% of the total number of issued ordinary shares of the Company is held by the public. Therefore Rule 723 of the Listing Manual Section B: Rules of Catalyst of the Singapore Exchange Securities Trading Limited is complied with.

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%	Total Interest	Total %
ASTI Holdings Limited	966,798,655	36.66	-	-	966,798,655	36.66
Loh Choon Khiang	255,555,555	9.69	-	-	255,555,555	9.69
Loh Choon Piew	255,555,555	9.69	-	-	255,555,555	9.69
Saw Lip Piau	135,291,667	5.13	-	-	135,291,667	5.13

## **APPENDIX 5**

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### **NOTICE OF ANNUAL GENERAL MEETING**

# NOTICE OF ANNUAL GENERAL MEETING

## ADVANCED SYSTEMS AUTOMATION LIMITED

(Company Registration No. 198600740M)

(Incorporated in the Republic of Singapore with limited liability)

**NOTICE IS HEREBY GIVEN** that the Thirtieth Annual General Meeting of Advanced Systems Automation Limited (the "**Company**") will be held at Blk 25, Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416 on Friday, 29 April 2016 at 1.30 p.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect Mr Mohd. Sopiyan B. Mohd. Rashdi who is retiring pursuant to Regulation 105 of the Constitution of the Company.  
[See Explanatory Note (i)] **(Resolution 2)**
3. To re-appoint Dato' Khor Gark Kim as a Director of the Company.  
[See Explanatory Note (ii)] **(Resolution 3)**
4. To approve the payment of Directors' fees of S\$132,000 for the year ended 31 December 2015 (2014: S\$127,397). **(Resolution 4)**
5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
6. 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:

#### 7. AUTHORITY TO ISSUE SHARES

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

PROVIDED ALWAYS THAT:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant instrument), does not exceed 100 per cent of the total number of issued Shares (excluding treasury shares, as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant instrument) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares, as calculated in accordance with sub-paragraph (2) below);

# NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Share that may be issued under sub-paragraph (1) above, the percentage of issued Shares (excluding treasury shares) shall be based on the total number of issued Share (excluding treasury shares) in the capital of the Company at the date of the passing of this Resolution, after adjusting for:
- (a) new share arising from the conversion or exercise of any convertible securities or Share option or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed, provided the share options were granted in compliance with Part VIII of Chapter 8 of the Catalist Rule; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Share;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rule for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force (i) 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 or (ii) in the case of Share to be issued in pursuance of the Instruments, or made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments..

[See Explanatory Note (iii)]

**(Resolution 6)**

## 8. RENEWAL OF SHAREHOLDERS' MANDATE FOR TRADE RELATED TRANSACTIONS WITH ASTI GROUP OF COMPANIES AS INTERESTED PERSON TRANSACTIONS

- (a) That approval be and is hereby given for the purpose of Chapter 9 of the Catalist Rules, for the Company and its subsidiaries and associated companies, or any of them, from time to time to enter into Trade Related Transactions (which constitute Interested Person Transactions under Chapter 9 of the Catalist Rules with ASTI Holdings Limited and its subsidiaries and associated companies as set out in Appendix 3 to the Annual Report, provided that such transactions are entered into in accordance with the Review Procedures for Trade Related Transactions as set out in the aforesaid Appendix 3, and that such approval (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company; and
- (b) That the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

[See Explanatory Note (iv) below]

**(Resolution 7)**

By Order of the Board

Nancy Quek/Theng Searn Por  
Company Secretaries  
Singapore, 13 April 2016

### Explanatory Notes:

- (i) Mr Mohd. Sopiyan B. Mohd. Rashdi will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.
- (ii) Dato' Khor Gark Kim, who is over the age of 70 was re-appointed as Director to hold office from the date of the last Annual General Meeting (held on 30 April 2015) until this Annual General Meeting pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "**Act**"). Section 153(6) of the Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As his appointment lapses at this Annual General Meeting, Dato' Khor Gark Kim will have to be re-appointed to continue in office. Upon his re-appointment at the conclusion of this Annual General Meeting, going forward, Dato' Khor Gark Kim's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Act as repealed. Dato' Khor Gark Kim will then be subject to retirement by rotation under the Company's Constitution.

Dato' Khor Gark Kim will, upon re-appointment as a Director of the Company, remain as Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Nominating Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

- (iii) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, and will be 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 general meeting, whichever is the earlier, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, as follows:
- (a) in any pro-rata issue of Shares, up to a number not exceeding, in total, 100 per cent of the total number of issued Shares (excluding treasury shares); and
  - (b) in any issue of Shares other than on a pro-rata basis, up to a number not exceeding 50 per cent of the total number of issued Shares (excluding treasury shares).

For determining the aggregate number of shares that may be issued, the percentage 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 date this 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 Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

- (iv) The Ordinary Resolution 7 in item 8 above, if passed, will renew the IPT Mandate first approved by the shareholders of the Company on 27 October 2008 to facilitate the Company, its subsidiaries and associated companies to enter into the Interested Person Transactions, the details of which are set out in Appendix 3 to the Annual Report. The IPT Mandate will 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 is required by law to be held or when varied or revoked by the Company at a general meeting.

## Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
3. If the member is a corporation, the instrument appointing a proxy or proxies must be under its common seal or the hand of its attorney or a duly authorised officer.
4. Pursuant to Section 181 of the Companies Act (Cap. 50) of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:
  - (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
  - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act (Cap. 36) (“CPF Act”), in respect of shares purchased under the subsidiary legislation made under that CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. The instrument appointing a proxy or proxies must be deposited at **25 Kallang Avenue #06-01, Kallang Basin Industrial Estate, Singapore 339416**, not less than forty-eight (48) hours before the time appointed for holding the Meeting.

## Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor (“Sponsor”), Canaccord Genuity Singapore Pte. Ltd. for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this notice.*

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

*The contact person for the Sponsor is Mr Tee Chun Siang, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.*

## **APPENDIX 6**

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### **PROXY FORM**



# ADVANCED SYSTEMS AUTOMATION LIMITED

(Company Registration No. 198600740M)  
(Incorporated in the Republic of Singapore)

## IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

## PROXY FORM

(Please see notes overleaf before completing this Form)

I/We\*, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No)

of \_\_\_\_\_ (Address)

being a member/members of Advanced Systems Automation 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 him/her\*, the Chairman of the Meeting as my/our\* proxy/proxies\* to vote for me/us\* on my/our\* behalf at the 30<sup>th</sup> Annual General Meeting (the "Meeting") of the Company to be held at Blk 25, Kallang Avenue, #06-01, Kallang Basin Industrial Estate, Singapore 339416 on Friday, 29 April 2016 at 1.30 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\* discretion, as he/her\* will on any other matter arising at the Meeting.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Adoption of Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2	Re-election of Mr. Mohd. Sopiyan B. Mohd. Rashdi as a Director of the Company		
3	Re-appointment of Dato' Khor Gark Kim as a Director of the Company		
4	Approval of Directors' fees amounting to S\$132,000		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors		
6	Authority for Directors to allot and issue shares in the capital of the Company		
7	Renewal of Shareholders' Mandate for Trade Related Transactions with the ASTI Group of Companies as interested person transactions		

Note: Voting will be conducted by poll.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature of Shareholder(s)/or, Common Seal of Corporate Shareholder

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

\*Delete where inapplicable

Important: Please read notes overleaf



## Notes:

1. A member entitled to attend and vote at the Meeting of the Company is entitled to appoint one or two proxy/proxies to attend and vote in his/her stead.
2. Where a member appoints more than one proxy, 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. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A member who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two proxies to attend and vote at the Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore, and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36 of Singapore (“**CPF Act**”), in respect of shares purchased under the subsidiary legislation made under that CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A proxy need not be a member of the Company.
  5. Please insert the total number of Shares held by you. If you have ordinary 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. If you have ordinary shares registered in your name in the Register of Members, you should insert that number. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the ordinary shares held by you.
  6. The instrument appointing a proxy or proxies must be deposited at **25 Kallang Avenue #06-01, Kallang Basin Industrial Estate, Singapore 339416**, not less than 48 hours before the time appointed for the Meeting.
  7. The instrument appointing a proxy or proxies must be given 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 common seal or under the hand of its attorney or a duly authorised officer.
  8. A body corporate which is a member may also appoint by resolution of its directors or other governing body an authorised representative or representatives, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote for and on behalf of such body corporate.
  9. Where an instrument appointing a proxy is signed on behalf of the appointor or by an attorney the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
  10. The Company shall be entitled to reject the instrument appointing a proxy and proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instruments of appointor specified in the instrument appointing a proxy or proxies.
  11. In the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have the shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

## PERSONAL DATA PRIVACY:

By attending the Meeting and/or any adjournment thereof or 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 13 April 2016.

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**ADVANCED SYSTEMS AUTOMATION LIMITED**

A member of  **ASTI**

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