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ITE ELECTRIC GROUP CO. LTD. ANNUAL REPORT 2014

ITE
ELECTRIC
GROUP

2014 ANNUAL REPORT

ITE ELECTRIC CO LTD

REGISTRATION NO. 198201457Z

Designed and produced by
TOPPAN
TOPPAN VITE PTE. LTD.
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CORPORATE INFORMATION

Board of Directors:
Aw Cheok Huat
Wong Ming Kwong
Seow Han Chiang Winston
Koh Yoke Har

Joint Company Secretaries:
Shirley Lim Guat Hua
Eileen Koh

Auditors:
KPMG LLP
Public Accountants and Chartered Accountants, Singapore
(Appointed with effect from 31 October 1988)
16 Raffles Quay #22-00
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Partner in charge:
Mr Iyer Venkatachalam Venkiteswaran
(With effect from financial year beginning 1 January 2012)

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RHB Bank Berhad
CIMB Bank Berhad
DBS Bank Ltd

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Email: ite@ite.com.sg
Website: www.ite.com.sg

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Sponsor:
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Singapore 068805

LETTER TO SHAREHOLDERS

On behalf of the Board of Directors at ITE Electric Co Ltd ("Company") and its subsidiaries ("Group"), I am pleased to present to you the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2014 ("FY2014").

RESULTS

The Singapore economy expanded by 2.9% in 2014, slower than the 4.4% growth achieved in 2013. Growth in the manufacturing sector improved from 1.7% in 2013 to 2.6% in 2014. The services producing industries grew by 3.2% in 2014, easing from 6.1% growth in 2013. The growth in the construction sector, in which the Group is dependent on, moderated to 3.0% from 6.3% in 2013, mainly due to slowdown in private construction activities.

Despite slower growth in the construction sector, the Group posted a turnover of $20.5 million in FY2014 as compared to $20.2 million reported in FY2013, an increase of 1% or $0.3 million. The increase is mainly contributed by electrical trading segment in Singapore as a result of increase in customer orders.

The Electrical Trading Division reported a higher net profit of $90,000 for FY2014 as compared to $76,000 reported in FY2013. The Electrical Manufacturing Division reported a marginal loss of $3,000 as compared to a marginal profit of $6,000 reported in FY2013.

The Investment Holdings Division suffered a loss of $0.5 million in FY2014 as compared to a substantial loss of $8.3 million reported in FY2013, a decrease of 94% or $7.8 million. The decrease is mainly due to the absence of the loss on disposal of quoted securities and available-for-sale financial assets amounting to approximately $5.0 million, and provision for impairment loss on available-for-sale financial assets of $2.5 million in FY2013.

As a result of the above, the Group incurred a pre-tax loss of $0.3 million in FY2014, as compared to a pre-tax loss of $8.1 million reported in FY2013. After allowing for taxation of $124,000 arising from chargeable income of profit-making subsidiaries, the net loss for FY2014 was $0.5 million as compared to a net loss of $8.2 million reported in FY2013.

DIVIDENDS

In view of the losses incurred during the year, the Board is not recommending a dividend for FY2014.

OUTLOOK

The Singapore economy is expected to grow by 2% to 4% in 2015. However, the growth in the construction sector may slow further in 2015. Coupled with uncertainty in the recovery of the global economy, the Group expects the overall business environment for the next 12 months to remain challenging. Nevertheless, the Group will strive to expand its businesses through expanding customer base and product ranges.

In view of the substantial losses suffered from the trading activities in quoted securities by the Investment Holdings Division in FY2013, the Group had ceased the trading of quoted securities in FY2014.

APPRECIATION

On behalf of the Board, I would like to thank all shareholders, customers, suppliers, bankers and other stakeholders for their steadfast support and continued confidence in the Group. I also thank our management team and staff for their dedication, commitment and contribution. Last but not least, I would like to express my appreciation to my fellow Board members for their invaluable support and guidance during the year.

Aw Cheok Huat
Chairman
25 March 2015

RISK MANAGEMENT

The following is information on the risk management policies and processes of the Group:

The Group has identified the key types of risks to be as follows:

OPERATIONAL RISK

The Group's core business is that of electrical trading in Singapore. This is subject to operating risks that are common to the construction and property industries. Therefore, a downturn in the construction and property industries, especially in the construction of new buildings and reduce in supply of properties, may result in the reduction in sales volumes and the erosion of profit margins. Such a downturn may also result increase in bad debts. To manage the dependence on the Singapore construction and property industries, the Group is actively seeking to expand its electrical trading business into other countries. In addition, the Group is also looking at increasing the level of sales in Malaysia and provide for solution based activities.

In its electrical trading business, the Group serves as an agent/distributor of the products of its principals. Any loss of the major agencies or distributorships could have a material impact on the Group's earnings. However, the Group has built good and long-standing relationships with most of its principals as these agencies have been held by the Group for more than ten years. In addition, the products purchased from these principals can be sourced from other suppliers whose products are of comparable quality, price and market acceptance.

There are risks inherent in doing business overseas, such as unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange and interest rates, variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect the Group's overseas operations and, consequently the Group's business, results of operations and financial condition.

FINANCIAL RISK

The Group is exposed to various financial risks, including credit, interest rate and currency risks arising from the normal course of its business. The management of financial risk is outlined in Note 25 to the Financial Statements of the Annual Report 2014.

FINANCIAL REVIEW

REVENUE AND PROFIT

The Group posted a revenue of $20.5 million in the current financial year ("FY2014"), which was $0.3 million or 1% higher than $20.2 million reported in the previous financial year ("FY2013"). The increase in revenue is mainly contributed by the Group's core business of electrical trading due to increase in customer orders. The Group's gross profit margin increased from 23% in FY2013 to 25% in FY2014, mainly due to better margin for certain products.

Other income increased slightly by $37,000 from $515,000 in FY2013 to $552,000 in FY2014. The increase is mainly due to gain on disposal of property, plant and equipment and foreign exchange gain in FY2014.

Other expenses decreased from $10.2 million in FY2013 to $2.8 million in FY2014, a decrease of 72% or $7.4 million. The decrease is mainly due to the absence of the loss on disposal of quoted securities and available-for-sale financial assets amounting to approximately $5.0 million, and provision for impairment loss on available-for-sale financial assets of $2.5 million in FY2013.

As a result of the above, the Group's loss before tax decreased from $8.1 million in FY2013 to $0.3 million in FY2014. After taking into account of income tax expenses of $124,000, the Group reported a net loss of $0.5 million in FY2014 as compared to $8.2 million in FY2013. Loss per share for FY2014 was 0.33 cents compared to loss per share of 5.93 cent in FY2013.

The Group's core business of electrical trading segment in Singapore and Malaysia recorded a segment profit of $90,000 in FY2014 as compared to $76,000 in FY2013, as a result of higher revenue in FY2014. The manufacturing segment recorded a marginal loss of $3,000 for FY2014 as compared to a marginal profit of $6,000 for FY2013. The investment segment reported a loss of $0.5 million in FY2014 compared to a loss of $8.3 million in FY2013 as a result of the above factors mentioned in other expenses. In view of the substantial losses suffered from the investing activities in quoted securities, the Group had ceased the trading of quoted securities in FY2014.

Assets

The Group's total assets decreased by $2.1 million from $14.4 million as at 31 December 2013 to $12.3 million as at 31 December 2014. This decrease is mainly due to the disposal of quoted securities and making allowance for obsolescent stocks of $213,000 in FY2014.

Borrowings

The Group's total borrowings of $1.9 million as at 31 December 2014 consisted mainly of trust receipts for the electrical trading business (31 December 2013: $1.9 million). The Group's gearing ratio as at 31 December 2014, based on total borrowings over shareholders' funds, was 0.26 times (31 December 2013: 0.25 times).

Shareholders' Funds

As at 31 December 2014, shareholders' funds was $7.3 million as compared to $7.9 million as at 31 December 2013, mainly due to net loss of $0.5 million suffered in FY2014. The net asset value per share as at 31 December 2014 was 5.35 cents (31 December 2013: 5.75 cents).

OPERATION REVIEW

ELECTRICAL TRADING

The Electrical Trading Division undertakes sales of electrical products, system, LED light fittings and luminaries and the related products by the Company's wholly owned subsidiaries, ITE Electric Systems Co. Pte Ltd (ITEES) and its 78% owned subsidiary, ITE Lumens Pte Ltd (ITEL) in Singapore and Electech Distribution Systems Sdn Bhd (EDSM) in Malaysia. ITEL focuses on LED light fittings and luminaries and ITEES focuses on the other electrical products and systems.

A significant portion of ITEES and ITEL sales is made to mechanical and electrical contractors in Singapore and a small volume of re-export sales to other Asian countries, Bangladesh, and Middle East. Sales of EDSM are mainly to mid-tiered electrical dealers throughout Malaysia with a small percentage to end users such as machine and panel manufacturers.

Sales in Singapore accounted for about 79% of the Group's total sale, while Malaysia accounted for 19% and the balance of 2% were derived from export sales to other Asian countries, Bangladesh and Middle East.

In FY2014, the Electrical Trading Division reported a total turnover of $20.8 million, an increase of $0.4 million or 2% as compared to $20.4 million reported in FY2013, mainly due to higher sales reported by ITEL as a result of increase in customer orders. The Electrical Trading Division reported a segmented profit of $90,000 for FY2014 as compared to $76,000 reported in FY2013 due to higher sales reported by the division.

ELECTRICAL MANUFACTURING

The Electrical Manufacturing Division of the Group is carried out by the Group's wholly-owned subsidiary, Electech Manufacturing Sdn Bhd (EMSB).

The Electrical Manufacturing Division is involved in the manufacturing and assembling of electrical products under licence for certain principals and products under the proprietary brand name of the Group. It serves as the support division to the Group's trading and marketing activities. Most of the products manufactured by Electrical Manufacturing Division were marketed by ITEES and EDSM. About 95% of the Division sales were made to ITEES and EDSM and sales to external customers only accounted for 5%.

The Electrical Manufacturing Division reported a turnover of $943,000 in FY2014, an increase of $12,000 or 1.3% as compared with $931,000 reported in FY2013. This increase is mainly due to higher sales to ITEES and EDSM. The Division reported a marginal segment loss of $3,000 for FY2014 as compared to a segment profit of $6,000 reported in FY2013, mainly due to higher operating expenses in FY2014.

INVESTMENT HOLDINGS

The Investment Holdings Division undertakes investments in stocks and shares, including investment in quoted securities. The Division reported a loss of $0.5 million in FY2014 as compared to a loss of $8.3 million reported in FY2013. The substantial decrease in loss is mainly due to the absence of the loss on disposal of quoted securities and available-for-sale financial assets amounting to approximately $5.0 million, and provision for impairment loss on available-for-sale financial assets of $2.5 million in FY2013.

In view of the substantial losses suffered from the trading activities in quoted securities by the Division, the Group had ceased the trading of quoted securities in FY2014.

FINANCIAL HIGHLIGHTS

For the Year	2014 $'000	2013 $'000	% Change
REVENUE			
1st half	10,072	10,359	(3%)
2nd half	10,468	9,907	6%
Total	20,540	20,266	1%
PROFIT/(LOSS) AFTER TAX			
1st half	(400)	264	(251%)
2nd half	(71)	(8,444)	(99%)
Total	(471)	(8,180)	(94%)
Equity			
Share capital	23,018	23,018	–
Reserves	(15,666)	(15,125)	(4%)
Shareholders' funds	7,352	7,893	(7%)
Non-controlling interests	29	47	(38%)
Total Equity	7,381	7,940	(7%)
Borrowings	1,941	1,938	–
Total Assets	12,341	14,467	(15%)
Financial Ratios			
Loss per share (cents)			
Basic and diluted	(0.33)	(5.93)	(94%)
Net asset value per share (cents)	5.35	5.75	(7%)
Total debts to total equity	0.26	0.25	4%

FIVE-YEAR FINANCIAL SUMMARY

Financial Results	2014	2013	2012	2011	2010
	$'000	$'000	$'000	$'000	$'000
Revenue	20,540	20,266	18,718	15,990	17,311
(Loss)/Profit before interest and tax	(255)	(8,015)	(364)	(47)	1,185
Interest income	31	38	39	41	28
Finance costs	(123)	(114)	(109)	(91)	(79)
(Loss)/Profit before tax	(347)	(8,091)	(434)	(97)	1,134
Taxation	(124)	(89)	(46)	(95)	(137)
(Loss)/Profit for the year	(471)	(8,180)	(480)	(192)	997
Financial Position					
Non-current assets	331	1,794	17,489	14,523	10,608
Current assets	12,010	12,673	12,106	12,795	11,874
Total assets	12,341	14,467	29,595	27,318	22,482
Borrowings	(1,941)	(1,938)	(1,687)	(1,830)	(1,121)
Other liabilities and non-controlling interests	(3,048)	(4,636)	(4,311)	(4,006)	(3,154)
Total Net Assets	7,352	7,893	23,597	21,482	18,207
Share capital	23,018	23,018	23,018	23,018	21,321
Reserves	(15,666)	(15,125)	579	(1,536)	(3,114)
Shareholders' funds	7,352	7,893	23,597	21,482	18,207
Financial Ratios					
(Loss)/Earnings per share (cents)	(0.33)	(5.93)	(0.34)	(0.15)	1.08
Net asset value per share (cents)	5.35	5.75	17.18	15.64	19.72
Total borrowings to shareholders' funds	0.26	0.25	0.07	0.09	0.06

CORPORATE GOVERNANCE REPORT

The Company and together with its subsidiaries (the "Group") is committed to maintaining a high standard of corporate governance and transparency within the Company in the spirit of the Code of Corporate Governance 2012 (the "Code"). In line with the commitment by the Company to maintaining high standards of corporate governance, the Company has been regularly reviewing its corporate governance processes to strive to fully comply with the Code.

This report describes the Company's corporate governance processes and activities for the financial year ended 31 December 2014 ("FY2014") and up to the date of this report. The Company has complied with the principles of the Code where appropriate.

Board of Directors

The Board of Directors (the "Board") is responsible for setting the strategic direction for the Company. The Board works collectively with the management to achieve the above. Every Director is expected to act in good faith and always in the best interests of the Company.

The Board currently comprises four Directors, two of whom are independent and non-executive and whose collective experience and contributions are valuable to the Company.

The Board members as at the date of this report are:

Mr Aw Cheok Huat	Non-Independent and Non-Executive Chairman
Mr Wong Ming Kwong	Executive Director
Mr Seow Han Chiang Winston	Lead Independent and Non-Executive Director
Ms Koh Yoke Har	Independent and Non-Executive Director

The profile of the Directors can be found on page 19 of this Annual Report.

The Board has examined its size and is of the view that the current arrangement is adequate given that the Independent Directors form at least half of the Board composition, thereby fulfilling the Code's recommendation that Independent Directors make up at least half of the Board when the Chairman of the Board is not an independent director. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs. The Board has sought and obtained written confirmation from each of the Independent and Non-Executive Directors that apart from their office as Directors of the Company, none of them has any relationship (in business or otherwise) with the Company, its subsidiaries, related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgement in the best interest of the Company. The Nominating Committee ("NC") is satisfied that the Independent Directors have met with the criterion of independence as set forth and each of them has the ability to act independently. The independence of the Independent Directors will be reviewed annually by the NC based on the guidelines given in the Code. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. The Board comprises individuals who have experience in accounting, finance, legal, business, management, industry knowledge and strategic planning experience. The NC is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Please refer to page 19 for details and qualifications and experience of the Directors.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary and its other consultants on the continuing obligations and various requirements expected of a public company. The Directors may and are encouraged to attend other appropriate courses, conferences and seminar to further develop themselves professionally, at the expense of the Company. When a Director is first appointed to the Board, an orientation program is arranged for him to ensure that he is familiar with the Company's business, its corporate strategic direction and governance practices and is aware of his duties as a Director and how to discharge them. All newly appointed Directors are issued formal letters of appointment setting out the scope of duties and obligation as Directors.

To assist the Directors understand the Group's businesses, operations and management, Directors meet with the key personnel and management of the Group from time to time.

In recognition of the high standard of accountability to the shareholders, the Directors have established a Nominating Committee, a Remuneration Committee and an Audit Committee. The Board has delegated specific responsibilities to these three Committees, which function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The Committees are chaired by an Independent Director and the majority of members are non-executive and independent.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

The Company is cognizant of the principle that there should be a clear division of responsibility between the Chairman and the Chief Executive Officer ("CEO"). The Chairman is responsible for, *inter alia*, exercising control over quality, quantity and timeliness of flow of information between management and the Board, and assisting in ensuring compliance with the Company's guidelines on corporate governance. The CEO is responsible for strategic planning, business development and generally charting the growth of the Company.

The CEO (who was also the Chairman until 28 August 2014), and the Non-Independent and Non-Executive Chairman who was appointed on 28 August 2014 amongst other thing:

- leads the Board to ensure its effectiveness on all aspects of its effectiveness on all aspects of its role;
- sets the agenda and ensures that adequate time is available for discussion of all items on the agenda, in particular strategic issues;
- promotes a culture of openness and debate at the Board;
- ensures that the Directors receive complete, adequate and timely information;
- ensures effective communication with Shareholders;
- encourages constructive relations within the Board and between Board and management;
- facilitates the effective contribution of non-executive directors; and
- promotes high standards of corporate governance.

Although the roles of Chairman and CEO are not separated until after 28 August 2014, 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 and there is accountability for good corporate governance. All major decisions are made in consultation with the Board and where necessary, external consultants are invited to attend Board meetings to assist the Directors in deliberation. All the Board committees are chaired by Independent Directors and at least half of the Board consist of Independent Directors.

After Mr Ho Cheng Leong stepped down as the CEO and Chairman on 28 August 2014, Mr Wong Ming Kwong, the Executive Director, has been responsible for the daily operations of the Company.

The Board has no intention to appoint a Chief Executive Officer in the near future.

The Board has appointed Mr Seow Han Chiang Winston as the Lead Independent Director of the Company.

The Lead Independent Director will assist the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company. The Lead Independent Director will make himself available to Shareholders to address their concerns (if any). The Lead Independent Director of the Company will meet with other Independent Directors periodically (in the absence of management) and will provide feedback to the Chairman after such meetings.

Board Matters

The Board is entrusted with the responsibility for the overall management of the Company. The Board's primary responsibilities include the review and approval of policy guidelines, setting of direction to ensure that the strategies undertaken lead to enhanced shareholders' wealth.

The principal functions of the Board are:

- to provide entrepreneurial leadership and approve the board policies, strategies and financial objectives of the Company and monitor the performance of the Management;
- to ensure that necessary financial and human resources are in place for the Company to meet its objectives;
- to oversee the processes for evaluating the adequacy of internal controls, financial reporting and compliance;
- to approve the change of directors and key management personnel of the Company;
- to assume responsibility for corporate governance; and
- to set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met.

The Board also monitors and evaluates the Group's operation and financial performance, sets targets and goals, work with and monitors the management in achieving such targets/goals.

CORPORATE GOVERNANCE REPORT

The following matters require the Board's approval and the Board and the relevant committees are guided by their respective terms and references and operating procedures which are reviewed from time to time:

- Statutory requirements such as approval of financial statements;
- Other requirements such as half year and full year financial results announcements;
- Corporate strategic direction, strategies and action plans;
- Issuance of policies and key business initiatives;
- The Group's policies, strategies and financial objectives and monitoring the performance of management;
- Processes for evaluating the adequacy of internal controls, risk management and compliance;
- The appointment and removal of the Company Secretary and internal and external auditors and key management staff;
- Acquisition/disposal proposal, annual budgets, major funding proposals and other material transactions;
- Declaration of interim dividends and proposal of final dividends; and
- Convening of shareholders' meetings.

The Board ensures such terms and references and operating procedures have been disseminated and the management is aware of such terms, operating procedures and the matters requiring Board's approval.

The Directors have separate and independent access to the management, Company Secretary, the independent and internal auditors and other engaged professionals at all times. Director may, on a case-to-case basis, propose to the Board for such independent and professional advice, the cost of which will be borne by the Company.

The management provides the Board with detailed management accounts of the Group's performance, position and prospects on a monthly basis.

The Company Secretary assists in the conduct of Board meetings and ensures that Board procedures are adhered to. The Company Secretary will also ensure that the requirements of the Companies Act, Chapter 50 of Singapore (the "Companies Act") and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Catalist Rules") are complied with.

Directors' Attendance at Board, Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") Meetings during the financial year under review

The Board meets regularly and ad-hoc meetings are convened as warranted by particular circumstances, as deemed appropriate by the Board members. The Company's Articles of Association allow a Board meeting to be conducted by way of tele-conference and video conference.

The number of meetings held and attended by each Director for the financial year under review is set out below:

Meeting of:	Date of Resignation	Date of Appointment	Board	AC	NC	RC
Total held in FY2014			4	2	1	1
Mr Ho Cheng Leong	28 August 2014	–	3	–	–	1
Mr Goh Hin Calm*	28 August 2014	–	3	2	1	1
Mr Wu Tern Yue*	9 September 2014	–	1	–	–	–
Mr Bernard Soo Puong Yii*	9 September 2014	–	3	2	1	1
Mr Aw Cheok Huat	–	28 August 2014	1	–	–	–
Mr Wong Ming Kwong	–	28 August 2014	1	–	–	–
Mr Seow Han Chiang Winston*	–	9 September 2014	1	–	–	–
Ms Koh Yoke Har*	–	9 September 2014	1	–	–	–

* Independent Directors

CORPORATE GOVERNANCE REPORT

Nominating Committee ("NC")

The NC comprises the following members, the majority of whom, including the Chairman, are Independent Directors:

Mr Seow Han Chiang Winston	–	Chairman, Independent Director
Ms Koh Yoke Har	–	Member, Independent Director
Mr Aw Cheok Huat	–	Member, Non-Independent Director

The NC's principal functions are as follows:

- identify suitable candidates and to review all nominations for appointments and re-appointment to the Board;
- conduct annual reviews of the composition, structure and size of the Board;
- determine the independence status of the Directors annually in accordance with the Code and the NC's view on the independence of the relevant Director;
- determine whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- evaluate the performance and effectiveness of the Board as a whole and the contribution of each Director;
- review succession plans for the Board; and
- review the training and professional development training programmes for the Board.

The Board, through delegation of authority to the NC, has used its best efforts to ensure that Directors possess the necessary knowledge, skills and experience including but not limited to those in areas of finance, business and management. Each of the Directors, through their combination brings to the Board an independent and objective perspective in view of balanced and well considered decisions to be made.

The Board is satisfied that the current size and composition of the Board has adequate ability to meet the Company 's existing scope of needs and the nature of operation and facilitate effective decision making. From time to time, the Board will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

Where a vacancy exists or where additional Directors are required, the Board will seek potential candidates and refer them to the NC for interview and assessment of the credentials and suitability for appointment. The NC will after assessment, recommend the selected candidates to the Board for formal appointment.

The NC in addition to the above, is at liberty to refer to, and instruct executive search companies, personal contacts (as relevant) and deliberate on and consider recommendations in its search and nomination process and in identifying the right candidates.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. In accordance with the requirements of the Code, the NC has reviewed the status of the Independent Directors and is of the view that they are in compliance with the Code's definition on independence.

As at the date of this report, the NC has adopted a formal process to assess the effectiveness of the Board and committees of the Board as a whole. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board. Upon reviewing the assessment, the NC is of the opinion that the Board and each Director have been effective since their appointment. The evaluation exercise is carried out annually.

Pursuant to Article 97 of the Company's Articles of Association, any person so appointed by the Directors shall hold office only until the next Annual General Meeting ("AGM"). The status of the members of the Board is as follows:

Name of Director	Appointment	Date of First Appointment
Mr Aw Cheok Huat	Non-Independent and Non-Executive Chairman	28 August 2014
Mr Wong Ming Kwong	Executive Director	28 August 2014
Mr Seow Han Chiang Winston	Lead Independent and Non-Executive Director	9 September 2014
Ms Koh Yoke Har	Independent and Non-Executive Director	9 September 2014

CORPORATE GOVERNANCE REPORT

All of the above shall hold office until the next AGM. The NC has reviewed and recommended that all the Directors, being eligible and having consented, be nominated for re-appointment at the forthcoming AGM. Ms Koh Yoke Har will, upon re-election as a Director, remain as the Chairman of the AC, and a member of the RC and the NC. Mr Seow Han Chiang Winston will, upon re-election as a Director, remain as the Lead Independent Director, Chairman of the RC and NC and a member of the AC. Mr Aw Cheok Huat will remain as the Non-Executive Chairman and a member of the AC, RC and NC. Both Mr Seow Han Chiang Winston and Ms Koh Yoke Har will be considered independent pursuant to Rule 704(7) of the Rules of Catalist. In making the recommendation, the NC has considered the Directors' overall contributions and performance.

The NC has considered the commitments that are faced when directors serve on multiple boards. For the current financial year, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

Remuneration Committee ("RC")

The RC comprises the following members:

Mr Seow Han Chiang Winston	–	Chairman, Independent Director
Ms Koh Yoke Har	–	Member, Independent Director
Mr Aw Cheok Huat	–	Member, Non-Independent Director

Pursuant to the Code, the RC comprises entirely Non-Executive Directors, the majority of whom are independent.

The RC's tasks include reviewing and deliberating upon the compensation packages of Board members as well as key personnel in the Company and the Group. The RC also administers the ITE Executives' Share Option Plan 2006.

The responsibilities of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowances, bonuses, options and benefits in kind of Directors and key executives;
- determine the appropriateness of remuneration of Directors and key executives;
- review and recommend to the Board, the terms of service agreements of Directors and key executives;
- consider the disclosures requirements for Directors and key executives remuneration as required by the Listing Manual and the Code.

All recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by the RC. In determining remuneration packages of Executive Director and key executives, the RC seeks to ensure that the Executive Directors and key executives are adequately but not excessively rewarded. The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contribution to the Company 's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC has the liberty to seek professional advice relating to the remuneration of all Directors and key executives.

The payment of fees to Non-Executive Directors is subject to approval at the annual general meeting of the Company. No Director is involved in deciding his own remuneration.

In addition to the remuneration package for the Executive Director, the RC also reviewed and recommended the remuneration packages for each of the top five key management executives of the Group (excluding Directors of the Company).

Remuneration of Executive Director

The aggregate compensation paid to or accrued to the Executive Directors for the financial year ended 31 December 2014 is set out in the table below:

Name	Remuneration ($)*1	Variable Bonus ($)*2	Provident Fund ($)*3	Benefits ($)*4	Total Cash & Benefits ($)*5
Ho Cheng Leong (Resigned on 28 August 2014)	144,800	–	–	9,450	154,250
Wong Ming Kwong (Appointed on 9 September 2014)	29,818	8,000	3,920	–	41,738

CORPORATE GOVERNANCE REPORT

Notes:
1. Remuneration refers to base salary and allowance earned for the financial year ended 31 December 2014.
2. Variable bonus comprises the performance bonus.
3. Provident fund in Singapore represents payments in respect of company statutory contributions to the Singapore Central Provident Fund.
4. Benefits include car benefits and other non-cash benefits.
5. Total cash & benefits is the sum of fixed remuneration, variable bonus, provident fund and benefits for the financial year ended 31 December 2014.

Remuneration of Non-Executive Directors

The aggregate compensation paid to non-executive Directors for services in all capacities for the financial year ended 31 December 2014 is set out in the table below.

Name	Date of Resignation	Date of Appointment	Director Fee($)
Goh Hin Calm	28 August 2014		20,000
Bernard Soo Puong Yii	9 September 2014		13,000
Wu Tern Yue	9 September 2014		13,000
Aw Cheok Huat		28 August 2014	12,000
Seow Han Chiang Winston		9 September 2014	9,300
Koh Yoke Har		9 September 2014	10,400

Non-Executive Directors are paid Directors' fees appropriate to their level of contribution to the Board, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate Directors. Directors' fees are recommended by the Board for approval at the annual general meeting.

Remuneration of Other Key Management and Senior Management

The breakdown of the remuneration of the top five key management and senior management for the financial year ended 31 December 2014 is set out in the table below.

Below $250,000

Name	Remuneration (%)*1	Variable Bonus (%)*2	Provident Fund (%)*3	Benefits (%)*4	Total Cash & Benefits (%)*5
Chong Paw Long (Appointed on 30 July 2014)	76	14	10	–	100
Ang Cheng Gian (Resigned on 23 August 2014)	96	–	4	–	100
Victor Chan Han Lin (Resigned on 27 October 2014)	94	–	6	–	100
Lee Hyun (Resigned on 5 January 2015)	97	–	3	–	100
Teh Thean Yean	67	22	11	–	100
Ng Phick Suan (Resigned on 31 July 2014)	91	–	9	–	100

The total remuneration paid to the above is S$589,132 for the financial year ended 31 December 2014.

Profile of the key management staff is set out on page 20 of this Annual Report.

Notes:
1. Remuneration refers to base salary and allowance earned for the financial year ended 31 December 2014.
2. Variable bonus comprises the performance bonus.
3. Provident fund represents payments in respect of company statutory contributions to the Singapore or Malaysia Central Provident Fund.
4. Benefits include car benefits and other non-cash benefits.
5. Total cash & benefits is the sum of fixed remuneration, variable bonus, provident fund and benefits for the financial year ended 31 December 2014.

CORPORATE GOVERNANCE REPORT

ITE Electric Share Option Plan 2006

The ITE Electric Share Option Plan 2006 (the "Plan") was approved and adopted by members of the Company at the extraordinary general meeting held on 31 May 2006. The Plan replaces the earlier scheme which expired on 19 September 2007. The Plan is administered by the members of the RC. Under the Plan, selected employees and Directors of the Group and associates are eligible to participate in the Plan at the discretion of the RC. Controlling shareholders and their associates (as defined in the Catalist Rules) shall not participate in the Plan.

The Plan shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing from 31 May 2006, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The information regarding the Plan is as follows:–

(a) The exercise price for each option is the weighted average of the last traded price of the shares in the three consecutive trading days immediately preceding the date of grant (the "Market Price"), or such higher price as may be determined by the RC in its absolute discretion.

The RC has the discretion to issue options with an exercise price which is at a discount of not more than 20% to the Market Price in respect of that option.

(b) Options granted at Market Price may be exercised (in whole or in part) after one year from the date of grant whereas options granted at a discount may only be exercised (in whole or in part) after two years from the date of grant.

(c) Eligible grantees who participate in the Plan may also be eligible to participate in other share option or share incentive scheme, whether or not implemented by any of the other companies within the Group or any other company.

(d) The total number of shares over which options may be granted pursuant to the Plan when added to the number of shares issued and issuable in respect of all options granted thereunder, shall not exceed 15% of the Company's total issued shares on the day preceding the date of which the option is granted.

(e) The offer of an option to an eligible grantee, if not accepted by him within 30 days from the date of such offer will lapse. Upon acceptance of the offer, the eligible grantee to whom the option is granted shall pay to the Company a nominal consideration of $1.00.

Since the commencement of the Plan, no options have been granted.

Remuneration of other employees related to a Director or CEO

No employee of the Group who is an immediate family member of a Director or CEO was paid remuneration that exceeded S$50,000 during the financial year ended 31 December 2014.

Audit Committee ("AC")

The AC comprises three Board members, all of whom are Non-Executive and the majority of whom are Independent Directors. The members are:

Ms Koh Yoke Har	–	Chairman, Independent Director
Mr Seow Han Chiang Winston	–	Member, Independent Director
Mr Aw Cheok Huat	–	Member, Non-Independent Director

CORPORATE GOVERNANCE REPORT

The AC carried out its functions in accordance with Section 201B(5) of the Companies Act, and has been entrusted with the following functions:

- review with the auditors the audit plans, their evaluation of the system of internal controls, audit report and management letter and ensure the adequacy of the Group's system of accounting controls and the co-operation given by management to the auditors;

- review the financial statements before submission to the Board and before their announcement in particular, financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

- review the scope and results of the internal audit function and ensuring co-ordination between the internal and independent auditors and the management;

- review the co-operation given by the Company's officers to the auditors;

- review the legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies and programs and reports received from the regulators;

- review the cost effectiveness and independence and objectivity of the auditors;

- review the nature and extent of non-audit services, if any, provided by the independent auditors and seek to balance the maintenance of objectivity and value for money;

- nominate the appointment and reappointment of independent auditor and approving their remuneration and terms of engagement; and

- review and ratify all interested person transactions falling within the scope of Chapter 9 of the Catalist Rules to ensure that they comply with the approved internal control procedures and have been conducted at arm's length basis.

The AC meets at least two times a year and as frequently as is required. In particular, the AC meets to review the financial statements before the release of the announcement. In the financial year under review, the AC has met to review and approve the half year and full year unaudited financial results for announcement purposes, the audit plan, the internal audit reports and plan as well as the ad-hoc issues.

The AC may meet with the auditors at any time, without the presence of the Company's management. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitors the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC has reasonable resources to enable it to discharge its functions properly, including full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings.

The AC has reviewed the non-audit services provided to the Group by the independent auditors, Messrs KPMG LLP and is of the opinion that such services would not affect the independence and objectivity of the independent auditors. The AC is also satisfied with the level of co-operation rendered by the management to the independent auditors and the adequacy of the scope and quality of their audits. The AC has also recommended the re-appointment of the independent auditors to the Board at the forthcoming AGM.

The AC has met amongst themselves and with the auditors independently without the presence of management during the financial year ended 31 December 2014.

The Company has instituted a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concern about possible improprieties in financial reporting and other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The AC oversees the administration of the policy. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up.

CORPORATE GOVERNANCE REPORT

In addition, the AC has also conducted a review of interested person transaction and noted that there was no interested person transaction during the financial year under review.

Risk Management, Internal Controls and Internal Audit

The Board believes in the importance of maintaining a sound system of risk management and internal controls to safeguard the interests of the shareholders and the Company's assets. Annual reviews of these controls are conducted by the Company's internal and independent auditors and any recommendations for improvement are reported to the AC.

It is the opinion of the Board, with the concurrence of the AC, that the system of internal controls which addresses the Group's financial, operational, compliance and information technology controls and risk management systems that was in place throughout the financial year under review and up to the date of this Annual Report is adequate and effective to meet the needs of the Group in its current business environment. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks. However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Company outsourced its internal audit function to Baker Tilly Consultancy (S) Pte Ltd and BDO Governance Advisory Sdn Bhd. The internal audit plan drawn up by the internal auditors is approved by the AC. The work undertaken by the internal auditors includes the audit of the Group's system of internal control over its key operations. The internal auditors report their audit findings and recommendations to the AC. The internal audit reports are also given to the independent auditors to ensure effective use of resources and to avoid duplication of efforts.

The AC has reviewed the adequacy of the internal audit function and the effectiveness of the system of internal controls for the financial year under review through discussions with the internal and independent auditors, the review of internal and independent audit plans and the review of significant issues arising from the internal and independent audits. Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews by the management, the Board and the AC are of the opinion that the Group's internal controls addressed financial, operational and compliance risks, were adequate as at 31 December 2014 and met the needs of the Group in the current business environment. The AC is satisfied that the internal audit is adequately resourced and has the appropriate standing within the Group.

For the financial year under review, the Executive Director and Financial Controller have provided assurance to the Board that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the operations and finances and that an effective risk management and internal control system has been put in place.

Policy on dissemination of public information

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information relating to the Company's new initiatives are first disseminated via SGXNET followed by a news release (if appropriate), which is also available on the SGX-ST's website.

The Company does not practise selective disclosure. Price sensitive information is publicly released and half year and full year financial results are announced and annual reports are issued within the mandatory period. All shareholders of the Company will receive a copy of annual report and the notice of annual general meeting. At the annual general meeting, shareholders are given opportunities to express their views and ask the Board and management questions regarding the operations of the Company. The Chairman of the AC, RC and NC will normally be present at the annual general meeting to answer any questions relating to the work of their respective committees. The independent auditors are also present to assist the Directors in addressing any relevant queries on the accounts from the shareholders.

The Articles of Association of the Company allow members of the Company to appoint proxies to attend and vote on their behalf.

At the annual general meeting and other general meetings, separate resolutions will be set out on distinct issues for approval by shareholders.

The Board is not recommending any dividend distribution to its shareholders in FY2014 on the basis that the Group is loss making.

CORPORATE GOVERNANCE REPORT

Dealing in Securities

In line with Rule 1204(19) of the Catalist Rules, the Company has procedures in place on dealings in securities, whereby there should be no dealings in the Company's shares by its Directors and officers during the period commencing one month prior to the announcement of the Company's half year and full year financial results and ending on the date of announcement of the results. Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. The implications of insider trading are clearly set out in the procedures and guidelines. In addition, the Company's officers are discouraged from dealing in the Company's shares on short-term considerations.

Interested Person Transactions

The Company has established internal control policies to ensure that transactions with interested persons are reviewed and approved, and are conducted at arm's length basis.

The Company does not have a general shareholders' mandate for recurrent interested person transactions.

The Company confirms that during the financial year under review, there was no interested person transaction.

Material Contracts

There was no material contract (not being entered into in the ordinary course of business) of the Company and its subsidiaries, involving the interests of the CEO, any other Director or controlling shareholder, either still subsisting at the end of the financial year ended 31 December 2014 or if not then subsisting, entered into since the end of the previous financial year.

Risk Management and Processes

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board. The details of the Group's financial and business risks can be found on page 4 of this Annual Report.

Non-Sponsor Fees

No non-sponsor fees were paid to the Sponsor, Xandar Capital Pte Ltd for the financial year ended 31 December 2014.

Non-Audit Fees

The audit and non-audit services that were rendered by the auditors, Messrs KPMG LLP for the financial year ended 31 December 2014 amounted to approximately $80,208 and $17,900 respectively. The main area of non-audit work undertaken was in relation to tax compliance services provided.

Statement of Compliance

The Board confirms that for the financial year ended 31 December 2014, the Company has generally adhered to the principles and guidelines as set out in the Code.

BOARD OF DIRECTORS

Mr Aw Cheok Huat
Non-Independent Non-Executive Chairman

Mr Aw Cheok Huat is a Non-Independent and Non-Executive Director of ITE Electric Co Ltd. He was appointed as a director on 28 August 2014. He is the Chairman of the Board of Directors and a member of the Audit Committee, Nominating Committee as well as the Remuneration Committee.

Mr Aw is the managing director of MS Corporate Finance Pte Ltd, a boutique corporate finance firm specializing in mergers and acquisitions, IPOs, RTO and corporate restructuring. He has some 25 years of experience in this field having been involved in assignments for various groups over a cross section of diverse industries. In addition he has been involved in investment and private equity transactions. He is also a director of ICP Ltd.

Mr Aw holds a Master of Commerce from the University of New South Wales and a Bachelor of Accountancy from the National University of Singapore.

Mr Seow Han Chiang Winston
Independent Non-Executive Director

Mr Seow Han Chiang Winston, was appointed to the board as an Independent Non-Executive Director on 9 September 2014. He was also appointed as the Chairman of the Nominating and Remuneration Committees and is a member of the Audit Committee.

Mr Seow currently heads the Corporate & Securities Law Department of KhattarWong LLP. Mr Seow is also an independent director of Eucon Holding Limited, Sound Global Ltd, and ICP Ltd.

Mr Seow holds a Bachelor of Law (Honours) degree from the National University of Singapore. He was called to the Singapore Bar in 1995 and since then has been a practising advocate and solicitor of the Supreme Court of Singapore.

Mr Wong Ming Kwong
Executive Director

Mr Wong Ming Kwong was appointed as an Independent Non-Executive Director on 28 August 2014. He was re-designated as an Executive Director with effect from 9 September 2014.

Mr Wong established Key Elements Consulting Group in 1999, providing consultancy services for companies, especially small and medium enterprises in Singapore and is currently the president of Key Elements Consulting Pte Ltd. Prior to that, he was the marketing communications manager for the motors group in Inchcape Sendirian Berhad in 1990 and subsequently, the business development manager till 1993. Mr Wong spearheaded business development as a sales and marketing manager in Singapore National Printers Pte Ltd (now known as SNP Corporation Ltd) from 1993 to 1995. Following that, he became the marketing director of APV Asia Pte Ltd, part of the Invensys PLC global technology and controls group, before being promoted to the position of managing director (Greater China Division) in 1997, a position he held till 1998.

Mr Wong was an executive director for China Fashion Holdings Limited from Dec 2009 to May 2011 and a non-executive director at Mary Chia Holdings Limited from June 2009 to December 2012. He is currently an independent director of Old Chang Kee Limited and a non-executive director of Goodland Group Limited.

Mr Wong holds a Bachelor of Arts (Second Upper Honours)(Chinese Studies) degree and a Bachelor of Arts (Economics and Statistics) degree from the National University of Singapore. In addition, he holds a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

Ms Vivien Koh Yoke Har
Independent Non-Executive Director

Ms Vivien Koh Yoke Har was appointed to the board as an Independent Non-Executive Director on 9 September 2014. She was also appointed as the Chairman of the Audit Committee and is a member of the Nominating and Remuneration Committees.

Ms Koh has more than 30 years of experience in the banking industry. She retired in December 2013 and prior to her retirement, she was the country head for National Australia Bank Ltd in Singapore and the managing director of National Australia Merchant Bank (Singapore) Limited.

She is an accountant by profession graduating with a Bachelor of Accountancy from the National University of Singapore and also holds a Master of Business Administration from Cranfield School of Management, UK. She is currently a fellow member of the Institute of Singapore Chartered Accountants as well as CPA, Australia.

KEY MANAGEMENT

Information on key management staff (excluding Directors of the Company):

Mr Chong Paw Long is the Financial Controller of ITE Electric Co Ltd, responsible for all the financial and accounting functions of the Company and the Group. He joined the Company on 14 July 2014. Mr Chong has more than 20 years of working experience. He started his career in an international accounting firm in Malaysia in 1991, and had worked as a group finance manager/financial controller for two listed companies in Malaysia before. Mr Chong graduated with a Bachelor of Accountancy degree.

Mr Teh Thean Yean is the General Manager of Electech Distribution Systems Sdn Bhd ("EDSM") and is responsible for the sales and marketing and overall management of the Group's operations in Malaysia. He joined EDSM on 1 March 1997 as a Group Marketing Manager and was promoted to General Manager on 3 January 2000. Prior to joining EDSM in 1997, he was the executive director of Fortune Electrical Appliances Sdn Bhd. He worked as a country manager in Black & Decker Asia Pacific (M) Sdn Bhd from 1993 to 1995 and was a divisional manager of Borneo Company (Inchcape Marketing) from 1973 to 1992.

DIRECTORS' REPORT

We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

Directors

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

Aw Cheok Huat	(Appointed on 28 August 2014)
Wong Ming Kwong	(Appointed on 28 August 2014)
Seow Han Chiang Winston	(Appointed on 9 September 2014)
Koh Yoke Har	(Appointed on 9 September 2014)

Directors' interests

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

	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Aw Cheok Huat		
ITE Electric Co Ltd (The Company)		
Ordinary shares, fully paid		
– interests held	22,765,425	22,765,425
– deemed interests	–	8,154,000

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 27 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

ITE Electric Share Option Plan 2006

The ITE Electric Share Option Plan 2006 (the "Plan") was approved and adopted by members of the Company at the extraordinary general meeting held on 31 May 2006. The Plan is administered by the Company's Remuneration Committee ("RC"). Under the Plan, selected employees and directors of ITE Electric Co Ltd and its subsidiaries (the "Group") are eligible to participate in the Plan at the discretion of the RC. Controlling shareholders and their associates, as defined in the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules"), shall not participate in the Plan.

DIRECTORS' REPORT

Share options (cont'd)

ITE Electric Share Option Plan 2006 (cont'd)

The Plan shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing from 31 May 2006, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

Statutory and other information regarding the Plan are as follows:

(a) The exercise price for each option is the weighted average of the last traded price of the shares in the three consecutive trading days immediately preceding the date of grant (the "Market Price"), or such higher price as may be determined by the RC in its absolute discretion.

The RC has the discretion to issue options with an exercise price which is at a discount of not more than 20% to the Market Price in respect of that option.

(b) Options granted at Market Price may be exercised (in whole or in part) after one year from the date of grant whereas options granted at a discount may only be exercised (in whole or in part) after two years from the date of grant.

(c) Eligible grantees who participate in the Plan may also be eligible to participate in other share option or share incentive schemes, whether or not implemented by any of the other companies within the Group or any other company.

(d) The total number of shares over which options may be granted pursuant to the Plan when added to the number of shares issued and issuable in respect of all options granted thereunder, shall not exceed 15% of the Company's total issued shares on the day preceding the date of which the option is granted.

(e) The offer of an option to an eligible grantee, if not accepted by him within 30 days from the date of such offer will lapse. Upon acceptance of the offer, the eligible grantee to whom the option is granted shall pay to the Company a nominal consideration of $1.00.

Since the commencement of the Plan, no options have been granted. As at the end of the financial year, there were no unissued shares of the Company under option.

Audit committee

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

• Koh Yoke Har	Chairman, Independent Director
• Seow Han Chiang Winston	Member, Independent Director
• Aw Cheok Huat	Member, Non-Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the Catalist Rules and the Code of Corporate Governance.

During the financial year, the Audit Committee has met 2 times. The principal responsibility of the Audit Committee is to assist the Board of Directors in the identification and monitoring of areas of significant business risks including the following:

- The effectiveness of the management of financial business risks and the reliability of management reporting;
- Compliance with laws and regulations, particularly those of the Companies Act, Chapter 50 and the Catalist Rules;
- The appropriateness of interim and full year financial statement announcements and reports;
- The effectiveness and efficiency of external audits; and
- Interested person transactions (as defined in Chapter 9 of the Catalist Rules).

DIRECTORS' REPORT

Audit committee (cont'd)

Specific functions of the Audit Committee include reviewing the scope of work of the external auditors and the assistance given by the Company to the auditors and receiving and considering the reports of the external auditors including their evaluation of the system of internal controls. The consolidated financial statements of the Group are reviewed by the Audit Committee prior to their submission to the Board of Directors for adoption.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Catalist Rules, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary, sought approval for interested person transactions and with the assistance of the management, reviewed interested person transactions.

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

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

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

Auditors

The Auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Aw Cheok Huat
Director

Wong Ming Kwong
Director

25 March 2015

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 26 to 65 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Aw Cheok Huat
Director

Wong Ming Kwong
Director

25 March 2015

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
ITE ELECTRIC CO LTD

Report on the financial statements

We have audited the accompanying financial statements of ITE Electric Co Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 65.

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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and Chartered Accountants

Singapore
25 March 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Assets					
Property, plant and equipment	4	221,362	288,508	–	–
Goodwill	5	–	–	–	–
Subsidiaries	6	–	–	4,416,856	4,418,096
Deferred tax assets	7	110,420	115,131	–	–
Other investments	8	–	1,390,059	–	–
Non-current assets		331,782	1,793,698	4,416,856	4,418,096
Other investments	8	–	21,395	–	–
Inventories	9	2,431,865	2,985,957	–	–
Trade and other receivables	10	5,929,831	6,258,804	918,845	1,296,460
Cash and cash equivalents	11	3,648,360	3,407,456	1,946,836	1,921,192
Current assets		12,010,056	12,673,612	2,865,681	3,217,652
Total assets		12,341,838	14,467,310	7,282,537	7,635,748
Equity					
Share capital	12	23,017,895	23,017,895	23,017,895	23,017,895
Reserves	13	(15,665,756)	(15,125,341)	(15,993,419)	(15,670,142)
Equity attributable to owners of the Company		7,352,139	7,892,554	7,024,476	7,347,753
Non-controlling interests		29,208	47,906	–	–
Total equity		7,381,347	7,940,460	7,024,476	7,347,753
Liabilities					
Financial liabilities	15	2,945	16,779	–	–
Deferred tax liabilities	7	2,164	2,164	–	–
Non-current liabilities		5,109	18,943	–	–
Bank overdrafts	11	–	128,724	–	–
Financial liabilities	15	210,134	218,620	–	–
Trust receipts	16	1,727,686	1,574,192	–	–
Trade and other payables	17	2,961,481	4,561,518	258,061	287,995
Current tax liabilities		56,081	24,853	–	–
Current liabilities		4,955,382	6,507,907	258,061	287,995
Total liabilities		4,960,491	6,526,850	258,061	287,995
Total equity and liabilities		12,341,838	14,467,310	7,282,537	7,635,748

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2014

	Note	Group	
		2014	2013
		$	$
Revenue	18	20,540,258	20,266,018
Changes in inventories of finished goods and work-in-progress		(14,753,405)	(14,982,159)
Raw materials and consumables used		(647,661)	(622,645)
Other income	19	551,578	515,274
Staff costs	19	(3,002,021)	(2,868,244)
Depreciation	4	(77,497)	(77,760)
Other expenses	19	(2,835,628)	(10,207,464)
Finance costs	20	(123,117)	(114,139)
Loss before tax		(347,493)	(8,091,119)
Tax expense	21	(123,584)	(88,934)
Loss for the year		(471,077)	(8,180,053)
Loss attributable to:			
Owners of the Company		(452,379)	(8,146,182)
Non-controlling interests		(18,698)	(33,871)
Loss for the year		(471,077)	(8,180,053)
Loss per share			
Basic loss per share (cents)	22	(0.33)	(5.93)
Diluted loss per share (cents)	22	(0.33)	(5.93)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2014

	Group	
	2014	**2013**
	$	**$**
Loss for the year	(471,077)	(8,180,053)
Other comprehensive (loss)/income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences	(88,036)	354,213
Net change in fair value of available-for-sale financial assets, net of tax	–	(12,480,347)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss, net of tax	–	4,568,160
Other comprehensive loss for the year, net of tax	(88,036)	(7,557,974)
Total comprehensive loss for the year	(559,113)	(15,738,027)
Total comprehensive loss attributable to:		
Owners of the Company	(540,415)	(15,704,156)
Non-controlling interests	(18,698)	(33,871)
Total comprehensive loss for the year	(559,113)	(15,738,027)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2014

	Share capital $	Foreign currency translation reserve $	Fair value reserve $	Other reserve $	Accumulated losses $	Total attributable to owners of the Company $	Non-controlling interest $	Total equity $
Group								
2013								
At 1 January 2013	23,017,895	(1,024,899)	7,912,187	71,282	(6,379,755)	23,596,710	81,777	23,678,487
Total comprehensive loss for the year								
Loss for the year	–	–	–	–	(8,146,182)	(8,146,182)	(33,871)	(8,180,053)
Other comprehensive loss								
Foreign currency translation differences	–	354,213	–	–	–	354,213	–	354,213
Net change in fair value of available-for-sale financial assets, net of tax	–	–	(12,480,347)	–	–	(12,480,347)	–	(12,480,347)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss, net of tax	–	–	4,568,160	–	–	4,568,160	–	4,568,160
Total other comprehensive loss, net of tax	–	354,213	(7,912,187)	–	–	(7,557,974)	–	(7,557,974)
Total comprehensive loss for the year	–	354,213	(7,912,187)	–	(8,146,182)	(15,704,156)	(33,871)	(15,738,027)
At 31 December 2013	23,017,895	(670,686)	–	71,282	(14,525,937)	7,892,554	47,906	7,940,460

	Share capital $	Foreign currency translation reserve $	Other reserve $	Accumulated losses $	Total attributable to owners of the Company $	Non-controlling interest $	Total equity $
Group							
2014							
At 1 January 2014	23,017,895	(670,686)	71,282	(14,525,937)	7,892,554	47,906	7,940,460
Total comprehensive loss for the year							
Loss for the year	–	–	–	(452,379)	(452,379)	(18,698)	(471,077)
Other comprehensive loss							
Foreign currency translation differences	–	(88,036)	–	–	(88,036)	–	(88,036)
Total other comprehensive loss, net of tax	–	(88,036)	–	–	(88,036)	–	(88,036)
Total comprehensive loss for the year	–	(88,036)	–	(452,379)	(540,415)	(18,698)	(559,113)
At 31 December 2014	23,017,895	(758,722)	71,282	(14,978,316)	7,352,139	29,208	7,381,347

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2014

		Group	
	Note	2014	2013
		$	$
Cash flows from operating activities			
Loss for the year		(471,077)	(8,180,053)
Adjustments for:			
Allowance for doubtful receivables	19	262,187	36,565
Allowance for inventory obsolescence	19	213,586	–
Depreciation of property, plant and equipment	4	77,497	77,760
Interest income	19	(31,384)	(37,897)
Interest expense	20	123,117	114,139
Gain on disposal of property, plant and equipment	19	(27,787)	–
(Gain)/Loss on disposal of equity securities held for trading	19	(559)	14,580
Loss on disposal of available-for-sale financial assets	19	214,990	2,105,617
Loss on disposal of trading of quoted securities	19	–	2,884,430
Fair value loss on equity securities held for trading	19	9,993	14,160
Property, plant and equipment written off	19	764	38
Impairment loss on goodwill	5	–	193,026
Impairment loss on available-for-sale financial assets	19	77,316	2,462,544
Loss on disposal of a subsidiary	19	335	–
Tax expense		123,584	88,934
		572,562	(226,157)
Changes in working capital:			
Trade and other receivables		126,326	(595,435)
Inventories		340,506	56,248
Trade and other payables		(1,600,037)	2,039,460
Cash (used in)/from operations		(560,643)	1,274,116
Tax paid		(72,284)	(68,608)
Cash flows (used in)/from operating activities		(632,927)	1,205,508
Cash flows from investing activities			
Interest received		31,384	37,897
Settlement of trading of quoted securities		–	(2,884,430)
Acquisition of investment in equity securities held for trading		–	(16,000)
Proceeds from disposal of equity securities held for trading		11,961	112,345
Proceeds from disposal of available-for-sale financial assets		1,097,753	1,316,182
Proceeds from disposal of property, plant and equipment		31,355	–
Disposal of a subsidiary, net of cash disposed	24	(7,895)	–
Acquisition of property, plant and equipment	4	(14,683)	(34,658)
Cash flows from/(used in) investing activities		1,149,875	(1,468,664)
Cash flows from financing activities			
Deposits pledged		(18,580)	(3,927)
Interest paid		(123,117)	(114,139)
Trust receipts		153,494	328,545
Drawdown of bank loan		–	100,000
Repayment of finance lease liabilities and other borrowings		(151,044)	(19,867)
Cash flows (used in)/from financing activities		(139,247)	290,612
Net increase in cash and cash equivalents		377,701	27,456
Cash and cash equivalents (net of bank overdrafts) at beginning of the year		769,941	786,073
Effect of exchange rate changes on cash balances held in foreign currencies		(26,653)	(43,588)
Cash and cash equivalents at end of the year	11	1,120,989	769,941

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2015.

1 Domicile and activities

ITE Electric Co Ltd (the "Company") is incorporated in the Republic of Singapore and has its registered office at 1 Harrison Road #01-01, ITE Electric Building, Singapore 369652.

The principal activities of the Group and Company are those of investment holding and trading and distributors of electrical products.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – key assumptions used in discounted cash flow projection
- Note 6 – impairment assessment on subsidiaries

2.5 Changes in accounting policies

(i) *Offsetting of financial assets and financial liabilities*

Under the *Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group currently does not offset any receivables and payables. The adoption of the amendments to FRS 32 has no impact on the recognised assets and liabilities of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

(ii) Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 Disclosure of Interests in Other Entities, the Group has expanded its disclosure about its interests in subsidiaries (see note 6).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Subsidiaries

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

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

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

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

Accounting for subsidiaries by the Company

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

3.2 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the average exchange rates for the year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances at bank and in hand and fixed deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise financial liabilities, bank overdrafts, trust receipts and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Share capital

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

Intra-group financial guarantee

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the profit and loss.

3.4 Goodwill

For the measurement of goodwill that arises upon the acquisition of subsidiaries at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.5 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, any other costs directly attributable to bringing the asset to a working condition for its intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Depreciation

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

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

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

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and building	–	50 years
Machinery and equipment	–	3 to 10 years
Furniture and office equipment	–	3 to 10 years
Renovation	–	1 to 10 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period and adjusted if appropriate.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.8 Impairment

Non-derivative financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provision attributable to application of the effective interest method are reflected as a component of interest income.

Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets (cont'd)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.10 Revenue

Sale of goods

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

The timing of the transfer of risks and rewards varies depending on the individual terms of the contract of sale. For sales of electrical products, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods on to the relevant carrier.

3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.12 Finance costs

Finance costs comprising interest expense on borrowings and the interest component of finance lease payments are recognised in profit or loss. All borrowing costs are recognised in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

The interest component of finance lease payments is recognised in profit or loss using the effective interest rate method.

3.13 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.13 Tax (cont'd)

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

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

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

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

3.14 Earnings per share

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

3.15 Segment reporting

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

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

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

3.16 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

	Leasehold land and building $	Machinery and equipment $	Furniture and office equipment $	Renovation $	Motor vehicles $	Total $
Group						
Cost						
At 1 January 2013	177,171	1,324,961	1,012,395	37,996	536,886	3,089,409
Additions	–	2,405	32,253	–	–	34,658
Write-off	–	–	(890)	–	–	(890)
Effect of movements in exchange rate	(6,030)	(41,643)	(5,741)	(1,942)	(6,263)	(61,619)
At 31 December 2013	171,141	1,285,723	1,038,017	36,054	530,623	3,061,558
At 1 January 2014	171,141	1,285,723	1,038,017	36,054	530,623	3,061,558
Additions	–	1,513	13,170	–	–	14,683
Disposals	–	–	(849)	–	(67,690)	(68,539)
Write-off	–	–	(26,327)	–	–	(26,327)
Effect of movements in exchange rate	(3,501)	(29,231)	(2,363)	(1,128)	(2,013)	(38,236)
At 31 December 2014	167,640	1,258,005	1,021,648	34,926	460,920	2,943,139
Accumulated depreciation						
At 1 January 2013	81,460	1,280,142	937,559	37,890	413,369	2,750,420
Depreciation for the year	3,506	17,228	24,468	106	32,452	77,760
Write-off	–	–	(852)	–	–	(852)
Effect of movements in exchange rate	(2,856)	(40,594)	(4,181)	(1,942)	(4,705)	(54,278)
At 31 December 2013	82,110	1,256,776	956,994	36,054	441,116	2,773,050
At 1 January 2014	82,110	1,256,776	956,994	36,054	441,116	2,773,050
Depreciation for the year	3,435	15,683	30,883	–	27,496	77,497
Disposals	–	–	–	–	(67,690)	(67,690)
Write-off	–	–	(25,563)	–	–	(25,563)
Effect of movements in exchange rate	(1,764)	(28,898)	(2,076)	(1,128)	(1,651)	(35,517)
At 31 December 2014	83,781	1,243,561	960,238	34,926	399,271	2,721,777
Carrying amounts						
At 1 January 2013	95,711	44,819	74,836	106	123,517	338,989
At 31 December 2013	89,031	28,947	81,023	–	89,507	288,508
At 31 December 2014	83,859	14,444	61,410	–	61,649	221,362

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

At 31 December, the carrying amounts of property, plant and equipment which have been pledged to secure credit facilities of the Group include the following:

	Group	
	2014	**2013**
	$	**$**
Under mortgage:		
– Leasehold property	83,859	89,031
Under finance lease:		
– Motor vehicles	20,225	37,578

5 Goodwill

	Group	
	2014	**2013**
	$	**$**
Cost		
At 1 January and 31 December	193,026	193,026
Accumulated impairment loss		
At 1 January	193,026	–
Impairment loss	–	193,026
At 31 December	193,026	193,026
Carrying amount		
At 1 January	–	193,026
At 31 December	–	–

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill arising from business combination has been identified as the sole cash-generating unit (CGU).

The recoverable amount of the CGU was based on its value in use and was determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The recoverable amount of the CGU was determined to be lower than its carrying amount. Impairment loss of $Nil (2013: $193,626) is included in other expenses in the consolidated profit or loss.

Key assumptions used in cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are as follows:

	2014	**2013**
	%	**%**
Discount rate	–	11.1
Terminal value growth rate	–	3.0

Discount rate

Discount rate is a pre-tax measure based on the risk-free rate for 10-year bonds issued by the government in the market, adjusted for the market risk premium, size premium and pre-tax cost of debts.

NOTES TO THE FINANCIAL STATEMENTS

5 Goodwill (cont'd)

Key assumptions used in cash flow projection calculations (cont'd)

Terminal value growth rate

A long-term growth rate into perpetuity has been determined using the nominal GDP rate of Singapore.

6 Subsidiaries

	Company	
	2014	**2013**
	$	**$**
Unquoted ordinary shares, at cost	4,657,530	4,659,770
Discount implicit in the interest-free loans to subsidiaries	563,151	563,151
	5,220,681	5,222,921
Impairment losses	(803,825)	(804,825)
	4,416,856	4,418,096

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Group's effective equity interest		Cost of investment	
		2014	**2013**	**2014**	**2013**
		%	**%**	**$**	**$**
ITE Electric Systems Co Pte. Ltd.*	Singapore	100	100	2,000,000	2,000,000
ITE Assets Holdings Pte. Ltd.*	Singapore	–	100	–	1,000
Electech Distribution Systems Sdn. Bhd.** and its subsidiaries	Malaysia	100	100	2,127,530	2,127,530
– Electech Manufacturing Sdn. Bhd.**	Malaysia	100	100	–	–
– EDSM Manufacturing Sdn Bhd **	Malaysia	100	100	–	–
ITE Lumens Pte. Ltd.*	Singapore	78	78	530,000	530,000
Morgra Investments Limited ***	British Virgin Island	–	100	–	1,240
				4,657,530	4,659,770

* Audited by KPMG LLP Singapore.
** Audited by member firms of KPMG International.
*** Not required to audit. The Company was dissolved on 20 November 2014.

Source of estimation uncertainty

The Group assesses at each reporting date whether there is any objective evidence that the investment in a subsidiary is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency, significant deterioration in the financial position of the subsidiaries or significant financial difficulties of the subsidiaries. The Company reviews and identifies balances that are to be impaired on an annual basis. An estimate is made of the future profitability of the investee, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow.

NOTES TO THE FINANCIAL STATEMENTS

6 Subsidiaries (cont'd)

Impairment loss

For the purpose of impairment testing, individual subsidiary has been identified as a separate cash generating unit (CGU).

The recoverable amount of the CGU was based on its value in use and was determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The recoverable amounts of the CGUs were determined to be lower than their respective carrying amounts. Impairment losses of $Nil (2013: $531,000) are included in other expenses in the profit or loss.

Key assumptions use for value in use calculation are discount rate of 11.1% and terminal value of 3.0%.

Management determined the growth rate based on the nominal GDP rate of Singapore. Discount rate is a pre-tax measure based on the risk-free rate for 10-year bonds issued by the government in the market, adjusted for the market risk premium, size premium and pre-tax cost of debts.

Non-controlling interests (NCI)

The following summarises the financial information of the Group's subsidiary with material NCI, based on its financial statements prepared in accordance with FRS.

	ITE Lumens
	$
2014	
Revenue	1,380,406
Loss/Total comprehensive income	(84,991)
Attributable to NCI	
– **Loss/Total comprehensive income**	(18,698)
Non-current assets	1,495
Current assets	353,197
Current liabilities	(221,926)
Net assets	132,766
Net assets attributable to NCI	29,208
Cash flows used in operating activities	(6,879)
Cash flows from investing activities	5
Cash flows from financing activities	32,446
Net increase in cash and cash equivalents	25,572

NOTES TO THE FINANCIAL STATEMENTS

6 Subsidiaries (cont'd)

Non-controlling interests (NCI) (cont'd)

	ITE Lumens $
2013	
Revenue	839,540
Loss/Total comprehensive income	(153,956)
Attributable to NCI	
– Loss/Total comprehensive income	(33,871)
Non-current assets	3,754
Current assets	430,894
Current liabilities	(216,891)
Net assets	217,757
Net assets attributable to NCI	47,906
Cash flows used in operating activities	(80,471)
Cash flows used in investing activities	(3,332)
Cash flows used in financing activities	(147,368)
Net decrease in cash and cash equivalents	(231,171)

7 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group during the year are as follows:

	At 1 January $	Recognised in profit or loss (note 21) $	Recognised in other comprehensive income (note 21) $	Exchange differences $	At 31 December $
Group					
2014					
Deferred tax assets					
Tax losses	(36,917)	–	–	(4,941)	(41,858)
Property, plant and equipment	(71,260)	20,122	–	(9,539)	(60,677)
Others	(6,954)	–	–	(931)	(7,885)
Total	(115,131)	20,122	–	(15,411)	(110,420)
Deferred tax liabilities					
Property, plant and equipment	2,164	–	–	–	2,164
Available-for-sale financial assets	–	–	–	–	–
Total	2,164	–	–	–	2,164
2013					
Deferred tax assets					
Tax losses	(68,243)	29,783	–	1,543	(36,917)
Property, plant and equipment	(74,237)	–	–	2,977	(71,260)
Others	(7,245)	–	–	291	(6,954)
Total	(149,725)	29,783	–	4,811	(115,131)
Deferred tax liabilities					
Property, plant and equipment	2,164	–	–	–	2,164
Available-for-sale financial assets	1,620,568	–	(1,620,568)	–	–
Total	1,622,732	–	(1,620,568)	–	2,164

NOTES TO THE FINANCIAL STATEMENTS

7 Deferred tax assets and liabilities (cont'd)

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Unabsorbed wear and tear allowances	366,839	520,088	–	–
Tax losses	1,489,641	9,753,644	770,662	459,527
	1,856,480	10,273,732	770,662	459,527

The unutilised tax losses and unabsorbed wear and tear allowances available for carry forward and set-off against future taxable profits are subject to the agreement of the local tax authorities and compliance with certain provisions of the tax legislation. Deferred tax assets have not been recognised because it is not probable that future taxable profits will be available against which the Company can utilise the benefit. The deductible temporary differences do not expire under current tax legislation.

Unrecognised tax losses in prior year included tax losses amounting $8,600,000 of ITE Assets Holdings Pte Ltd, which has been disposed during the year (note 24).

8 Other investments

	Group	
	2014	2013
	$	$
Non-current investments		
Available-for-sale financial assets:		
– Quoted equity securities	–	1,390,059
Current investments		
Held for trading financial assets:		
– Quoted equity securities	–	21,395

During the year, an impairment loss based on the decrease in fair value of available-for-sale financial assets amount to $77,316 (2013: $2,462,544) was recognised in other expenses in the consolidated profit or loss.

The Group's exposure to market risks and fair value information related to other investments are disclosed in note 25.

9 Inventories

	Group	
	2014	2013
	$	$
Raw materials	224,854	183,056
Finished goods	1,966,281	2,586,200
Goods-in-transit	240,730	216,701
	2,431,865	2,985,957

During the year, the write-down of inventories to net realisable value by the Group amounted to $213,586 (2013: $6,070). The reversal of stock obsolescence by the Group amounted to $Nil (2013: $19,091).

NOTES TO THE FINANCIAL STATEMENTS

10 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade receivables (net)	5,427,442	5,730,311	–	–
Deposits	338,567	367,148	218,880	234,186
Other receivables (net)	37,529	48,766	19,300	15,652
Loans to subsidiaries	–	–	140,975	140,975
Amounts due from subsidiaries – non-trade	–	–	530,916	898,866
	5,803,538	6,146,225	910,071	1,289,679
Prepayments	126,293	112,579	8,774	6,781
	5,929,831	6,258,804	918,845	1,296,460

Loans to subsidiaries and amounts due from subsidiaries are unsecured, interest-free and are repayable on demand. Allowance for impairment loss of $94,060 (2013: $5,318,000) has been made on these outstanding balances.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 25.

11 Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cash at bank and in hand	1,120,989	626,262	47,083	28,071
Fixed deposits	2,527,371	2,781,194	1,899,753	1,893,121
Cash and cash equivalents in the statement of financial position	3,648,360	3,407,456	1,946,836	1,921,192
Bank overdrafts	–	(128,724)	–	–
Deposits pledged	(2,527,371)	(2,508,791)	(1,899,753)	(1,893,121)
Cash and cash equivalents in the statement of cash flows	1,120,989	769,941	47,083	28,071

The weighted average effective interest rates per annum relating to fixed deposits at the reporting date for the Group and Company are 1.25% (2013: 1.26%) and 0.35% (2013: 0.35%) respectively.

Deposits pledged represent fixed deposits of the Group and Company pledged as security for credit facilities (see note 15 and 16).

12 Share capital

	Company			
	2014		2013	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares, with no par value				
At 1 January/31 December	137,337,290	23,017,895	137,337,290	23,017,895

Ordinary shares

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

NOTES TO THE FINANCIAL STATEMENTS

13 Reserves

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Foreign currency translation reserve	(758,722)	(670,686)	–	–
Other reserve	71,282	71,282	–	–
Accumulated losses	(14,978,316)	(14,525,937)	(15,993,419)	(15,670,142)
	(15,665,756)	(15,125,341)	(15,993,419)	(15,670,142)

The other reserve relates to the difference of the net recognised amount of the identifiable assets acquired and liabilities assumed over fair value of the consideration on the acquisition of the non-controlling interests.

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

14 Employee share options

ITE Electric Share Option Plan 2006

The ITE Electric Share Option Plan 2006 (the "Plan") was approved and adopted by members of the Company at the extraordinary general meeting held on 31 May 2006. The Plan is administered by the Company's Remuneration Committee ("RC"). Under the Plan, selected employees and directors of ITE Electric Co Ltd and its subsidiaries (the "Group") and its associates are eligible to participate in the Plan at the discretion of the RC. Controlling shareholders and their associates (as defined in the Catalist Rules) shall not participate in the Plan.

The plan shall continue in force at the discretion of RC subject to a maximum period of 10 years commencing from 31 May 2006, provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

Statutory and other information regarding the Plan are as follows:

(a) The exercise price for each share is the weighted average of the last traded price of the shares in the three consecutive trading days immediately preceding the date of grant (the "Market Price"), or such higher price as may be determined by the RC in its absolute discretion.

The RC has the discretion to issue options with an exercise price which is at a discount of not more than 20% to the Market Price in respect of that option.

(b) Options granted at Market Price may be exercised (in whole or in part) after one year from the date of grant whereas options granted at a discount may only be exercised (in whole or in part) after two years from the date of grant.

(c) Eligible grantees who participate in the Plan may also be eligible to participate in other share option or share incentive schemes, whether or not implemented by any of the other companies within the Group or any other company.

(d) The total number of shares over which options may be granted pursuant to the Plan when added to the number of shares issued and issuable in respect of all options granted thereunder, shall not exceed 15% of the Company's total issued shares on the day preceding the date of which the option is granted.

(e) The offer of an option to an eligible grantee, if not accepted by him within 30 days from the date of such offer will lapse. Upon acceptance of the offer, the eligible grantee to whom the option is granted shall pay to the Company a nominal consideration of $1.00.

Since the commencement of the Plan, no options have been granted.

NOTES TO THE FINANCIAL STATEMENTS

15 Financial liabilities

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 25.

	Group	
	2014	2013
	$	$
Non-current liabilities		
Obligation under finance lease	2,945	16,779
Current liabilities		
Obligation under finance lease	10,134	18,620
Secured bank loan	200,000	200,000
	210,134	218,620
Total borrowings	213,079	235,399

Obligation under finance lease

This obligation is secured by a charge over the assets under finance lease (note 4). At 31 December, the Group has obligations under finance leases that are payable as follows:

	Principal	Interest	Payment
	$	$	$
2014			
Payable within 1 year	10,134	1,441	11,575
Payable after 1 year but within 5 years	2,945	405	3,350
Total	13,079	1,846	14,925
2013			
Payable within 1 year	18,620	2,802	21,422
Payable after 1 year but within 5 years	16,779	2,436	19,215
Total	35,399	5,238	40,637

Terms and debt repayment schedule

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

			2014		2013	
	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Group	%		$	$	$	$
Secured bank loan	6.00	2015	200,000	200,000	200,000	200,000
Finance lease	2.30 – 3.50	2016	14,925	13,079	40,637	35,399
			214,925	213,079	240,637	235,399

Secured bank loan are secured by legal charges over the Group's leasehold land and building (note 4) and fixed deposits (note 11).

NOTES TO THE FINANCIAL STATEMENTS

15 Financial liabilities (cont'd)

Terms and debt repayment schedule (cont'd)

Intra-group guarantees and contingent liabilities

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities granted to subsidiaries amounting to $4,067,286 (2013: $6,977,530). The financial guarantees expire within periods of less than 1 year. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

16 Trust receipts

The secured credit facilities of the Group, comprising trust receipts, are secured by legal charges over the Group's leasehold land and building (note 4) and fixed deposits (note 11).

The trust receipts bear fixed interest rates ranging from 5.5% to 6.0% (2013: 5.5% to 6.0%) per annum and will contractually mature within one year. The contractual undiscounted outflows are equivalent to their carrying amount and are expected to occur within one year.

17 Trade and other payables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Trade payables	1,983,655	2,369,357	–	–
Accrued operating expenses	281,798	269,364	22,019	10,353
Other payables	696,028	1,922,797	236,042	277,642
	2,961,481	4,561,518	258,061	287,995

The Group and the Company's exposure to currency and liquidity risks related to trade and other payables are disclosed in note 25.

18 Revenue

	Group	
	2014	**2013**
	$	**$**
Sale of electrical products	20,540,258	20,266,018

NOTES TO THE FINANCIAL STATEMENTS

19 Loss for the year

The following items have been included in arriving at loss for the year:

	Group	
	2014	2013
	$	$
Other income		
Bad debts recover	515	–
Rental income	214,076	194,549
Rebates received	124,489	192,125
Interest income	31,384	37,897
Miscellaneous income	137,949	90,703
Gain on disposal of property, plant and equipment	27,787	–
Foreign exchange gain	15,378	–
Total other income	551,578	515,274
Staff costs		
Wages and salaries	2,655,419	2,553,053
Contributions to defined contribution plans	277,775	263,592
Other related staff costs	68,827	51,599
Total staff costs	3,002,021	2,868,244
Other expenses		
Loss on disposal of trading of quoted securities	–	2,884,430
(Gain)/Loss on disposal of equity securities held for trading	(559)	14,580
Fair value loss on equity securities held for trading	9,993	14,160
Impairment loss on available-for-sale financial assets	77,316	2,462,544
Loss on disposal of available-for-sale financial assets	214,990	2,105,617
Foreign exchange loss	–	494,625
Impairment loss on intangible assets	–	193,026
Loss on disposal of a subsidiary	335	–
Operating lease rental	796,855	700,315
Audit fees paid to:		
– auditors of the Company	62,000	62,350
– other auditors	18,208	20,726
Non audit fees paid to:		
– other auditors	23,000	12,000
Allowances for doubtful receivables	262,187	36,565
Allowances for obsolescent stocks	213,586	–
Property, plant and equipment written off	764	38
Others	1,156,953	1,206,488
Total other expenses	2,835,628	10,207,464

NOTES TO THE FINANCIAL STATEMENTS

20 Finance costs

	Group 2014 $	Group 2013 $
Interest paid and payable to		
– Banks	119,750	110,406
– Others	3,367	3,733
	123,117	114,139

21 Tax expense

	Note	Group 2014 $	Group 2013 $
Tax recognised in profit or loss			
Current tax expense			
– Current year		103,462	62,384
– Adjustments for prior years		–	(3,233)
		103,462	59,151
Deferred tax			
– Current year		4,761	17,818
– Adjustments for prior years		15,361	11,965
	7	20,122	29,783
Total tax expense		123,584	88,934

Tax recognised in other comprehensive income

For the year ended 31 December	Group 2014 Before tax $	2014 Tax expense $	2014 Net of tax $	2013 Before tax $	2013 Tax credit $	2013 Net of tax $
Available-for-sale financial assets	–	–	–	(9,532,755)	1,620,568	(7,912,187)

Reconciliation of effective tax rate

	Group 2014 $	Group 2013 $
Loss before tax	(347,493)	(8,091,119)
Tax using the Singapore tax rate of 17% (2013: 17%)	(59,074)	(1,375,490)
Effect of different tax rates in other countries	4,277	22,883
Non-deductible expenses	56,282	38,097
Tax exempt income	–	(2,151)
Current year losses for which no deferred tax asset was recognised	108,985	1,376,457
Change in unrecognised temporary differences	(26,052)	20,406
Recognition of tax effect of previously unrecognised tax losses	23,805	–
Under/(over) provided in prior years		
– current tax	–	(3,233)
– deferred tax	15,361	11,965
Tax expense	123,584	88,934

NOTES TO THE FINANCIAL STATEMENTS

22 Loss per share

Basic loss per share

The calculation of basic loss per share is based on the following:

	Group 2014 $	Group 2013 $
Loss for the year attributable to ordinary shareholders	(452,379)	(8,146,182)

	No. of shares 2014	No. of shares 2013
Number of shares outstanding at the beginning of the year	137,337,290	137,337,290
Number of shares outstanding at the end of the year	137,337,290	137,337,290
Weighted average number of shares at the end of the year	137,337,290	137,337,290
Basic loss per share (cents)	(0.33)	(5.93)

Diluted loss per share

There were no instruments that would have an effect of diluting the earnings of the Group that existed during or as at the end of financial year.

23 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Director ("ED") (the chief operating decision maker) reviews internal management reports on a monthly basis to make strategic decisions. The following summary describes the operations in each of the Group's reportable segments:

(a) Electrical trading: Includes the sale of electrical products.

(b) Electrical manufacturing: Includes the manufacture and assembly of electrical products.

(c) Investment holding.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's ED. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

23 Operating segments (cont'd)

Information about reportable segments

	Electrical trading $	Electrical manufacturing $	Investment holding $	Reconciliations-eliminations of inter-segment revenue and balances $	Total consolidated balances $
2014					
Revenue					
External revenue	20,489,384	50,874	–	–	20,540,258
Inter-segment revenue	357,282	892,222	–	(1,249,504)	–
Total revenue	20,846,666	943,096	–	(1,249,504)	20,540,258
Interest income	5,009	19,657	6,718	–	31,384
Finance costs	(105,499)	(6,033)	(11,585)	–	(123,117)
Reportable segment profit/(loss) before tax	201,241	9,616	(558,350)	–	(347,493)
Tax expense	(111,172)	(12,412)	–	–	(123,584)
Reportable segment profit/(loss) for the year	90,069	(2,796)	(558,350)	–	(471,077)
Other material non-cash items					
– Allowance for obsolete stocks	214,673	(1,087)	–	–	213,586
– Allowance for doubtful receivables	262,187	–	–	–	262,187
– Impairment loss on other investment	–	–	77,316	–	77,316
– Depreciation of property, plant and equipment	58,145	19,352	–	–	77,497
	535,005	18,265	77,316	–	630,586
Capital expenditure	12,811	1,872	–	–	14,683
Reportable segment assets	10,137,893	1,454,876	7,298,432	(6,659,785)	12,231,416
Reportable segment liabilities	5,371,336	582,803	265,621	(1,317,514)	4,902,246
2013					
Revenue					
External revenue	20,196,772	69,246	–	–	20,266,018
Inter-segment revenue	215,897	861,362	–	(1,077,259)	–
Total revenue	20,412,669	930,608	–	(1,077,259)	20,266,018
Interest income	12,040	19,445	6,412	–	37,897
Finance costs	(108,401)	(5,738)	–	–	(114,139)
Reportable segment profit/(loss) before tax	143,474	27,984	(8,262,577)	–	(8,091,119)
Tax expense	(67,318)	(21,616)	–	–	(88,934)
Reportable segment profit/(loss) for the year	76,156	6,368	(8,262,577)	–	(8,180,053)
Other material non-cash items					
– Fair value loss on equity securities held for trading	–	–	14,160	–	14,160
– Allowance for doubtful receivables	36,565	–	–	–	36,565
– Impairment loss on intangible assets	–	–	193,026	–	193,026
– Impairment loss on other investment	–	–	2,462,544	–	2,462,544
– Depreciation of property, plant and equipment	57,426	20,334	–	–	77,760
	93,991	20,334	2,669,730	–	2,784,055
Capital expenditure	32,190	2,468	–	–	34,658
Reportable segment assets	11,478,478	1,440,718	9,064,857	(7,631,874)	14,352,179
Reportable segment liabilities	6,757,252	549,261	6,790,455	(7,597,135)	6,499,833

NOTES TO THE FINANCIAL STATEMENTS

23 Operating segments (cont'd)

Geographical segments

The electrical trading and manufacturing segments are managed locally but operate in two principal countries namely Singapore and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue $	Non-current assets $
2014		
Singapore	16,226,550	68,656
Malaysia	3,813,622	152,706
Other countries	500,086	–
	20,540,258	221,362
2013		
Singapore	15,898,500	1,482,184
Malaysia	3,824,985	196,383
Other countries	542,533	–
	20,266,018	1,678,567

Major customer

Revenues from one customer of the Group's electrical trading segments represents approximately $4,177,373 (2013: $3,121,129) of the Group's total revenues.

24 Disposal of subsidiary

In August 2014, the Group entered into a Share Purchase Agreement ("SPA") to dispose its entire 100% shareholding in ITE Assets Holdings Pte Ltd to a third party for a consideration of S$8,000.

The net assets of subsidiary disposed are shown below:

	2014 $
Cash and cash equivalents	15,895
Trade and other payables	(7,560)
Net identifiable assets and liabilities disposed	8,335
Loss on disposal of subsidiary recorded in profit or loss	(335)
Cash consideration	8,000
Less: Cash and cash equivalents disposed	(15,895)
Cash flow on disposal, net of cash disposed	(7,895)

NOTES TO THE FINANCIAL STATEMENTS

25 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees management's monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's operations and risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Concentration of credit risk relating to trade receivables is limited as the customers are widely dispersed, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date (by type of customer) is:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Contractors	3,196,057	3,368,207	–	–
Dealers	1,574,275	1,504,462	–	–
Others	1,033,206	1,273,556	910,071	1,289,679
	5,803,538	6,146,225	910,071	1,289,679

At the reporting date, approximately 49% (2013: 41%) of the Group's trade receivables generated were due from ten major customers.

NOTES TO THE FINANCIAL STATEMENTS

25 Financial instruments (cont'd)

***Financial risk management* (cont'd)**

Impairment losses

The ageing of trade and other receivables (excluding prepayments) that were not impaired at the reporting date was:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Not past due	2,135,762	1,694,605	49,566	11,557
Past due 0 – 30 days	1,227,246	1,461,660	5,615	108,453
Past due 31 – 60 days	978,776	1,061,534	1,146	119,085
Past due 61 – 90 days	741,801	955,159	1,146	419,640
More than 90 days	719,953	973,267	852,598	630,944
	5,803,538	6,146,225	910,071	1,289,679

The movement in the allowance for impairment in respect of trade and other receivables (excluding prepayments) during the year was as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
At 1 January	283,126	258,499	5,360,520	52,288
Impairment loss recognised	262,187	36,565	1,240	5,318,000
Amounts written off	(21,504)	(9,768)	(5,361,760)	(9,768)
Exchange differences	(451)	(2,170)	–	–
At 31 December	523,358	283,126	–	5,360,520

At each reporting date, the Group assesses whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

Based on the Group's monitoring of customer credit risk, the company believes that, apart from the above, no impairment allowances is necessary in respect of trade receivables not past due or past due by up to 30 days.

NOTES TO THE FINANCIAL STATEMENTS

25 **Financial instruments (cont'd)**

Financial risk management **(cont'd)**

Liquidity risk

The Group manages its liquidity risk by matching the payment and receipt cycle to maintain sufficient cash and having credit facilities available to meet its funding requirements.

The following are the contractual maturities of non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount $	Contractual cash flows $	Within 1 year $	Within 2 to 5 years $
2014				
Trust receipts	1,727,686	(1,727,686)	(1,727,686)	–
Finance lease	13,079	(14,925)	(11,575)	(3,350)
Secured bank loan	200,000	(212,000)	(212,000)	–
Trade and other payables	2,961,481	(2,961,481)	(2,961,481)	–
	4,902,246	(4,916,092)	(4,912,742)	(3,350)
2013				
Trust receipts	1,574,192	(1,574,192)	(1,574,192)	–
Bank overdrafts	128,724	(128,724)	(128,724)	–
Finance lease	35,399	(40,637)	(21,422)	(19,215)
Secured bank loan	200,000	(212,000)	(212,000)	–
Trade and other payables	4,561,518	(4,561,518)	(4,561,518)	–
	6,499,833	(6,517,071)	(6,497,856)	(19,215)
Company				
2014				
Trade and other payables	258,061	(258,061)	(258,061)	–
2013				
Trade and other payables	287,995	(287,995)	(287,995)	–

Market risk

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

In the prior year, the Group was exposed to equity securities price risk arising from quoted equity securities classified as held for trading. These instruments are quoted on the Singapore Exchange. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Investment risk exists as a result of changes in economic, industry or geographical factors. The Group's portfolio of equity securities is diversified across a few industries, with the objective of mitigating significant concentration of investment risk and minimising potential adverse effects on the financial performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS

25 Financial instruments (cont'd)

Financial risk management **(cont'd)**

Market risk (cont'd)

Sensitivity analysis – equity price risk

The Group's equity investments are listed on the Singapore Exchange. For such investments classified as available-for-sale, a 10% increase in the Straits Times Index at the reporting date would have increased the Group's equity by $Nil after tax (2013: $115,375); an equal change in the opposite direction would have decreased the Group's equity by $Nil after tax (2013: $115,375). For such investments classified at fair value through profit or loss, the impact on profit or loss of the Group would have been an increase of $Nil after tax (2013: $1,776). The analysis is performed on the same basis for 2013 and assumes that all other variables remain the same.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to outstanding debt obligations or significant exposure to the Group's debt obligations. At the reporting date, the Group does not have significant exposure to interest rate risk.

Foreign currency risk

The Group incurs foreign currency risk on purchases and borrowings that are denominated in currencies other than Singapore dollar, principally Euro, Ringgit Malaysia and US dollar. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level.

The Group's and Company's exposures to foreign currencies in Singapore dollar equivalent are as follows:

	2014				2013			
	Singapore dollar	Euro	US dollar	Others	Singapore dollar	Euro	US dollar	Others
	$	$	$	$	$	$	$	$
Group								
Trade and other receivables	2,287	–	3,517	–	6,277	25,918	15,345	–
Cash and cash equivalents	601	784	11,971	4,797	605	1,035	29,835	756
Trade and other payables	(80,825)	(265,336)	(178,788)	(39,468)	–	(254,004)	(409,089)	(31,882)
	(77,937)	(264,552)	(163,300)	(34,671)	6,882	(227,051)	(363,909)	(31,126)
Company								
Trade and other receivables	–	–	–	–	–	–	15,345	–
Cash and cash equivalents	–	–	1,928	–	–	–	1,845	–
Trade and other payables	–	–	(6,575)	–	–	–	(24,438)	–
	–	–	(4,647)	–	–	–	(7,248)	–

NOTES TO THE FINANCIAL STATEMENTS

25 Financial instruments (cont'd)

Financial risk management **(cont'd)**

Foreign currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of the following currencies against the Singapore dollar at the reporting date would increase loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013, albeit that the reasonably possible foreign exchange rate variances may have been different.

	Group Profit or loss $	Company Profit or loss $
2014		
Euro	(26,455)	–
US dollar	(16,330)	(465)
Others	(3,467)	–
2013		
Euro	(22,705)	–
US dollar	(36,391)	(725)
Others	(3,113)	–

A 10% weakening of the foreign currencies against the Singapore dollar would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital, which the Group defines as its results divided by total shareholders' equity, excluding non-controlling interests, and the Group's revenue and results before tax.

The Group's net debt to adjusted equity ratio at the end of the reporting period was as follows:

	2014 $	2013 $
Total liabilities	4,960,491	6,526,850
Less: cash and cash equivalents	(3,648,360)	(3,407,456)
Net debt	1,312,131	3,119,394
Total equity	7,381,347	7,940,460
Net debt to equity ratio at 31 December	0.18	0.39

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement. There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

25 Financial instruments (cont'd)

Financial risk management **(cont'd)**

Accounting classifications and fair values

Fair values versus carrying amounts

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

	Note	Loans and receivables $	Other financial liabilities within the scope of FRS 39 $	Other liabilities outside the scope of FRS 39 $	Total carrying amount $	Fair value $
Group						
31 December 2014						
Trade and other receivables	10	5,803,538	–	–	5,803,538	5,803,538
Cash and cash equivalents	11	3,648,360	–	–	3,648,360	3,648,360
		9,451,898	–	–	9,451,898	9,451,898
Finance lease liabilities	15	–	–	(13,079)	(13,079)	(13,079)
Secured bank loan	15	–	(200,000)	–	(200,000)	(200,000)
Trust receipts	16	–	(1,727,686)	–	(1,727,686)	(1,727,686)
Trade and other payables	17	–	(2,961,481)	–	(2,961,481)	(2,961,481)
		–	(4,889,167)	(13,079)	(4,902,246)	(4,902,246)

	Note	Trading $	Loans and receivables $	Available-for-sale $	Other financial liabilities within the scope of FRS 39 $	Other liabilities outside the scope of FRS 39 $	Total carrying amount $	Fair value $
Group								
31 December 2013								
Available-for-sale equity securities	8	–	–	1,390,059	–	–	1,390,059	1,390,059
Held for trading equity securities	8	21,395	–	–	–	–	21,395	21,395
Trade and other receivables	10	–	6,146,225	–	–	–	6,146,225	6,146,225
Cash and cash equivalents	11	–	3,407,456	–	–	–	3,407,456	3,407,456
		21,395	9,553,681	1,390,059	–	–	10,965,135	10,965,135
Bank overdrafts	11	–	–	–	(128,724)	–	(128,724)	(128,724)
Finance lease liabilities	15	–	–	–	–	(35,399)	(35,399)	(35,399)
Secured bank loan	15	–	–	–	(200,000)	–	(200,000)	(200,000)
Trust receipts	16	–	–	–	(1,574,192)	–	(1,574,192)	(1,574,192)
Trade and other payables	17	–	–	–	(4,561,518)	–	(4,561,518)	(4,561,518)
		–	–	–	(6,464,434)	(35,399)	(6,499,833)	(6,499,833)

NOTES TO THE FINANCIAL STATEMENTS

25 Financial instruments (cont'd)

Financial risk management **(cont'd)**

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Loans and receivables $	Other financial liabilities within the scope of FRS 39 $	Total carrying amount $	Fair value $
Company					
31 December 2014					
Trade and other receivables	10	910,071	–	910,071	910,071
Cash and cash equivalents	11	1,946,836	–	1,946,836	1,946,836
		2,856,907	–	2,856,907	2,856,907
Trade and other payables	17	–	(258,061)	(258,061)	(258,061)
31 December 2013					
Trade and other receivables	10	1,289,679	–	1,289,679	1,289,679
Cash and cash equivalents	11	1,921,192	–	1,921,192	1,921,192
		3,210,871	–	3,210,871	3,210,871
Trade and other payables	17	–	(287,995)	(287,995)	(287,995)

Fair value hierarchy

The different levels of fair value have been defined as follows:

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

The fair values of equity securities held for trading and available-for-sale and traded in an active market are based on quoted market prices on the reporting date. The quoted market price used is the quoted bid price. Thus, these equity securities are wholly designated in the Level 1 category as at 31 December 2013. During the financial year, there have been no transfers between levels.

Determination of fair values

Intra-group financial guarantees and contingent liabilities

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available. Management of the Group has determined the differentials and estimated the fair values of the intra-group financial guarantees and noted that they were not material at year-end.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

26 Operating leases

Non-cancellable operating leases rentals are payable as follows:

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Within 1 year	840,000	840,000	840,000	840,000
After 1 year but within 5 years	840,000	1,680,000	840,000	1,680,000
	1,680,000	2,520,000	1,680,000	2,520,000

The Group leases several office premises, warehouse and factory facilities under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

27 Related parties

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

Transactions with key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors are considered as key management personnel of the Company.

Key management personnel compensation

Key management personnel compensation comprised:

	2014	2013
	$	$
Directors of the Company		
– Directors' fees	77,700	70,000
– Short-term employee benefits	195,988	221,806
	273,688	291,806
Other directors		
– Directors' fees	–	4,033
– Short-term employee benefits	235,178	244,509
	235,178	248,542
Other key management personnel		
– Short-term employee benefits	330,802	316,650
– Post employment benefits	23,152	24,783
	353,954	341,433
Total key management personnel compensation incurred by the Group	862,820	881,781

NOTES TO THE FINANCIAL STATEMENTS

27 Related parties (cont'd)

Transactions with key management personnel (cont'd)

Key management personnel compensation (cont'd)

The following information relates to the remuneration of directors of the Company during the financial year:

	2014	2013
Number of directors in remuneration bands		
– $500,000 and above	–	–
– $250,000 to $499,999	–	–
– Below $250,000	8	4
	8	4

ANALYSIS OF SHAREHOLDINGS

AS AT 10 MARCH 2015

ISSUED AND FULLY PAID UP CAPITAL	:	S$23,017,895
NO. OF SHARES ISSUED	:	137,337,290
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE
NO. OF TREASURY SHARES	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.11	10	0.00
100 – 1000	204	21.68	199,855	0.14
1,001 – 10,000	456	48.46	2,451,740	1.79
10,001 – 1,000,000	254	26.99	23,350,536	17.00
1,000,001 & above	26	2.76	111,335,149	81.07
TOTAL	**941**	**100.00**	**137,337,290**	**100.00**

TOP TWENTY SHAREHOLDERS AS AT 10 MARCH 2015	NO. OF SHARES	%
AW CHEOK HUAT	22,765,425	16.58
PHILLIP SECURITIES PTE LTD	12,125,000	8.83
CIMB SECURITIES (SINGAPORE) PTE LTD	7,284,642	5.30
MAYBANK KIM ENG SECURITIES PTE LTD	7,015,000	5.11
TAN KENG SOON	6,900,000	5.02
LI HUA	6,357,142	4.63
CITIBANK NOMINEES SINGAPORE PTE LTD	6,035,600	4.39
NG CHOON NGOI @ NG CHOON NGO	5,070,000	3.69
BANK OF SINGAPORE NOMINEES PTE LTD	3,800,000	2.77
FOO CHEE JEOW & SONS HOLDINGS (PTE) LTD	3,163,000	2.30
OCBC SECURITIES PRIVATE LTD	2,871,340	2.09
CHAMAN LAL SADHU RAM	2,846,000	2.07
CHEE SUWEN	2,800,000	2.04
LIM AH HIONG	2,757,000	2.01
CHARLESTON HOLDINGS PTE LTD	2,233,000	1.63
LIM CHAN LOK	2,233,000	1.63
JUAY SZE SIN	2,165,000	1.58
LEE WENG SOON GREGORY (LI YONGSHUN)	2,000,000	1.46
AW CHEW HUA	1,770,000	1.29
HARPAL SINGH	1,571,000	1.14
	103,762,149	**75.56**

SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2015)

	Direct Interests	%	Deemed Interest	%
Aw Cheok Huat	22,765,425	16.58	8,154,000*	5.94
Tan Keng Soon	6,900,000	5.02	–	–

* Mr Aw Cheok Huat is deemed interested in 8,154,000 ordinary shares held in the name of Phillip Securities Pte Ltd

Public Float

Based on information available to the Company as at 10 March 2015, approximately 72.46% of the issued ordinary shares of the Company were held by the public and therefore Rule 723 of the Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Company will be held at Anson IV, Level 2, M Hotel Singapore, 81 Anson Road, Singapore 079908 on Wednesday, 29 April 2015 at 3.00p.m. for the following purposes:–

ORDINARY BUSINESS

1. To receive and adopt the audited accounts for the financial year ended 31 December 2014 and the reports of the Directors and Auditors thereon. **[Resolution 1]**

2. To re-elect the following Directors retiring pursuant to Article 97 of the Articles of Association of the Company:

   i) Mr Aw Cheok Huat *[See Explanatory Note (1)]* **[Resolution 2(i)]**
   ii) Mr Wong Ming Kwong **[Resolution 2(ii)]**
   iii) Mr Seow Han Chiang Winston *[See Explanatory Note (2)]* **[Resolution 2(iii)]**
   iv) Ms Koh Yoke Har *[See Explanatory Note (3)]* **[Resolution 2(iv)]**

3. To approve Directors' fees of $77,700 for the financial year ended 31 December 2014 ($70,000 for the financial year ended 31 December 2013). **[Resolution 3]**

4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 4]**

5. To transact any other ordinary business which may be properly transacted at an annual general meeting.

SPECIAL BUSINESS

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

6. Authority to allot and issue shares and convertible securities in the capital of the Company (the "Share Issue Mandate")

   "That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act") and subject to Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), ("Catalist Rules"), authority be and is hereby given to the Directors of the Company 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, convertible securities or other instruments convertible into Shares,

   at any time during the continuance of this authority or thereafter 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 Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) does not exceed one hundred percent (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (iii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

NOTICE OF ANNUAL GENERAL MEETING

(ii) the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not be more than fifty percent (50%) of the total number of issued Shares (excluding treasury shares) (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) (as calculated in accordance with sub-paragraph (iii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(iii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-para (i) and (ii) above, the percentage of the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) of the Company at the date this Resolution is passed after adjusting for:–

(a) new Shares arising from the conversion or exercise of any convertible securities outstanding and/or subsisting at the time this authority is given;

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

(c) any subsequent bonus issue, consolidation or subdivision of the Company's Shares.

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

(v) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." *[see Explanatory note 4]*

[Resolution 5]

7. Authority to offer and grant options and to issue shares pursuant to the ITE Electric Share Option Plan 2006

"That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), approval be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the ITE Electric Share Option Plan 2006 (the "Plan") and to allot and issue such shares in the capital of the Company ("Shares") as may be required to be issued pursuant to the exercise of options under the Plan, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Plan (including options granted under the Plan and any other scheme or plan for the time being of the Company), shall not exceed 15% of the total number of issued Shares (excluding treasury shares) from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, shall continue in full 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, whichever is earlier." *[see Explanatory note 5]*

[Resolution 6]

By Order of the Board

Shirley Lim Guat Hua
Eileen Koh
Joint Company Secretaries
Singapore, 9 April 2015

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. Mr Aw Cheok Huat will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman and a member of the Audit Committee, Remuneration Committee and Nominating Committee and he will be considered non-independent.

2. Mr Seow Han Chiang Winston will, upon re-election as a Director of the Company, remain as the Lead Independent Director and a member of the Audit Committee, and Chairman of the Remuneration and Nominating Committees and he will be considered independent.

3. Ms Koh Yoke Har will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee and she will be considered independent.

4. Resolution 5, if passed, will authorise and empower the Directors of the Company from the date of the above AGM until the next annual general meeting to allot and issue Shares and/or convertible securities. The aggregate number of Shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed in aggregate one hundred percent (100%) of the total issued Shares (excluding treasury shares), of which the total number of Shares and/or convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed fifty percent (50%) of the total issued Shares (excluding treasury shares) at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at 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. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instruments issued under this authority.

5. Resolution 6, if passed, will empower the Directors, from the date of the above AGM until the date of the next annual general meeting, to grant options and to allot and issue Shares up to an amount in aggregate not exceeding 15% of the issued share capital (excluding treasury shares) of the Company pursuant to the Plan (including options granted under the Plan and any other scheme or plan for the time being of the Company), which was approved at the extraordinary general meeting of the Company on 31 May 2006. A copy of the Regulations of the Plan is available for inspection by shareholders during normal office hours at the Company's registered office.

NOTES TO THE NOTICE OF AGM:

(a) A member entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company.

(b) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(c) The instrument appointing a proxy must be deposited at the registered office of the Company at 1 Harrison Road, #01-01, ITE Electric Building, Singapore 369652 not less than 48 hours before the time appointed for holding the AGM.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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 shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder 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 shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ITE ELECTRIC CO LTD

Registration No. 198201457Z

(Incorporated in the Republic of Singapore)

Proxy Form

I/We ____________________ NRIC/Passport No. ____________________

of ____ (Address)

being a member/members of ITE ELECTRIC CO LTD (the "Company") hereby appoint

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

and/or (delete as appropriate)

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

or failing *him/them, the Chairman of the Annual General Meeting ("AGM"), as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the AGM of the Company, to be held at Anson IV, Level 2, M Hotel Singapore, 81 Anson Road, Singapore 079908 on Wednesday, 29 April 2015 at 3.00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarized below, the proxy/proxies may vote or abstain from voting at his/their discretion or as he/they may think fit.

Note: Please indicate with an "**X**" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the **Notice of Annual General Meeting**.

No.	Description of Resolutions	For	Against
1	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2014		
2 (i)	Re-election of Mr Aw Cheok Huat as a Director		
2 (ii)	Re-election of Mr Wong Ming Kwong as a Director		
2 (iii)	Re-election of Mr Seow Han Chiang Winston as a Director		
2 (iv)	Re-election of Ms Koh Yoke Har as a Director		
3	Approval of Directors' fees for the financial year ended 31 December 2014		
4	Re-appointment of Messrs KPMG LLP as Auditors of the Company		
5	Authority to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
6	Authority to offer and grant options and to issue shares pursuant to ITE Electric Share Option Plan 2006		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this __________ day of ______________ 2015

Total Number of Shares Held

____

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

IMPORTANT NOTES TO PROXY FORM:

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

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 Harrison Road, #01-01 ITE Electric Building, Singapore 369652 not less than 48 hours before the time appointed for the AGM.

4. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

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5. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or 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.

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

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 9 April 2015.

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Affix
Stamp
here

ITE Electric Co Ltd
1 Harrison Road
#01-01 ITE Electric Building
Singapore 369652

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