



**GREEN.
RECYCLE.
TRANSFORM.**

Annual Report 2015





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Corporate Profile

BOARD OF DIRECTORS

Dato' Moehamad Izat Emir
Chairman

Wong Chin Yong
CEO & Managing Director

Ong Kah Hock
Independent Director

Arslan Koichiev
Independent Director

Jeremy Dyer
Independent Director

COMPANY SECRETARY

Stanley Chu Kam Po

AUDIT COMMITTEE

Ong Kah Hock
Chairman

Dato' Moehamad Izat Emir
Jeremy Dyer

REMUNERATION COMMITTEE

Dato' Moehamad Izat Emir Chairman
Ong Kah Hock
Wong Chin Yong

NOMINATING COMMITTEE

Dato' Moehamad Izat Emir Chairman
Ong Kah Hock
Wong Chin Yong

COMPANY REGISTRATION NO

197301788K

REGISTERED OFFICE

190 Middle Road
#19-07 Fortune Centre
Singapore 188979

SHARES REGISTRAR & TRANSFER OFFICE

Intertrust Singapore Corporate Services Pte Ltd
3 Anson Road #27-01
Springleaf Tower
Singapore 079909

WARRANT AGENT

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

AUDITORS

Moore Stephens LLP
Public Accountants and Chartered Accountants
Appointed on 25 October 2012
Partner in charge since financial year ended 2014:
Lao Mei Leng (Ms)

SOLICITORS

Robert Wang & Woo LLP
Straits Law Practice LLC

BANKERS

DBS Bank Ltd
United Overseas Bank Ltd



Chairman's Statement



Dato' Moehamad Izat Emir
Chairman

“Our knowledge of microalgae is growing each day and we are cognizant of the boundless opportunities that can be derived from this single cell organism.”

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Innopac Holdings Limited (the “Company”), I am pleased to present the annual report of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2015 (“FY 2015”).

FY 2015 was a particularly challenging year for the Group’s main business activities. Global macroeconomic and political developments were not conducive for business and investments. On the economic front there was the slowdown in China’s economy, economic stagnation in Japan and Europe, the meltdown in the commodities and oil and gas market which affected the emerging economies, and the still-fragile state of the U.S. economic recovery. On the geopolitical front, there were unrests and wars in the Middle-East, the refugee-migrant crisis in Europe, and political tension in the Asia-Pacific region. Volatility in the equity and foreign exchange markets, capital outflows from the emerging markets and a tight credit situation added to the brew of adverse market conditions.

Impact on our investment holdings

The Group had to make a provision for impairment against a trade receivable associated with the sales and purchase agreement (“S&P”) that was completed in December 2014. The trade receivable represents the net receivable arising from the completion of the S&P. This net trade receivable was due on 30 September 2015 and was extended to 30 September 2016. The trade debtor had provided collateral for its obligations by way of third party pledged shares in another Singapore-listed company (“Pledged Shares”). The market value of the Pledged Shares had declined to S\$1.3 million as a result of volatility in the equity market. Accordingly, the Company decided to make a further provision for impairment of S\$29.5 million.

We also made a S\$13.7 million full impairment of goodwill associated with the acquisition of 81.82% equity interest in Extera Pte Ltd (“Extera”). Extera is an investment holding company and its sole investment is a 90% equity interest in Dezhou Sheng Rong Gas Co. Ltd. (“Sheng Rong”), a Chinese Joint Venture company. Sheng Rong is primarily engaged in the ownership and operation of CNG refilling stations, and natural gas supply and distribution business in Shandong Province in the People’s Republic of China (the “PRC”). The CNG refilling station business has become very competitive and the Board made a decision to exit the business after taking into consideration the dim prospects for the business. However, I am pleased to report that we have reached an understanding with the vendor to reduce the purchase consideration of Extera. Please refer to Business Review section of my message for further details.



Chairman's Statement

The Company continues to actively explore and evaluate investment and acquisition opportunities with the aim of building a portfolio of businesses and investments that have consistent cash flow, growth, and capital gain potential. In particular, the Group has identified and believes that environmentally-friendly green technologies, clean, alternative and renewable energy businesses is the future potential. During the year we took our first step towards the setting up of an environmentally-friendly and clean energy business involving the cultivation of microalgae and the extraction of oil from the microalgae. I shall elaborate on this in the latter part of my message.

The Group will comply with the SGX-ST listing rules and in particular rule 703, regarding the disclosure of material information and will keep shareholders updated on any investments or acquisitions.

FINANCIAL REVIEW

Financial performance

The Group's financial performance from operations was largely unchanged from the previous year. Excluding the two impairments of S\$29.5 million and S\$13.7 million mentioned above, the Group's FY 2015 net loss attributable to shareholders was S\$5.7 million as compared to S\$5.4 million in the year ended 31 December 2014 ("FY 2014").

The Group's revenue from continuing operations increased to S\$0.8 million in the FY 2015 from S\$0.3 million in FY 2014. Gross loss from continuing operations decreased to S\$0.02 million in FY 2015 from S\$0.4 million in FY 2014. Unrealised losses from investment trading activities fell to S\$1.4 million in FY 2015 from S\$10.0 million in FY 2014. These fair value losses reflect changes in the market value of the Group's investments in marketable securities. Unrealised losses from derivative instruments and other assets decreased to S\$1.2 million in FY 2015 from S\$2.4 million in FY 2014. These were mainly due to fair value losses from the Group's investments in derivatives.

Administrative expenses increased to S\$2.4 million in FY 2015 from S\$1.6 million in FY 2014, mainly due to a non-cash expense of S\$1.1 million arising from the grant of share awards and share options in 2015. The loss from continuing operations increased to S\$ 35.7 million in FY 2015 from S\$5.7 million in FY 2014, mainly due to the absence of gain from derivative receivables offset by the decrease in losses arising from the Group's investment trading activities. The loss of S\$13.5 million arising from discontinued operations in FY 2015 was mainly due to an impairment of goodwill. The exchange loss on translation of foreign operations in FY 2015 was S\$1.4 million as

compared to an exchange gain of S\$0.01 million in FY 2014, due to the depreciation of the Malaysian Ringgit against the Singapore Dollar.

Financial position

Overall, non-current assets decreased to S\$16.4 million as at 31 December 2015 from S\$31.8 million as at 31 December 2014, mainly due to the S\$13.7 million impairment of goodwill associated with the acquisition of an 81.82% equity interest in Extera in 2013. The Board had decided to fully impair this goodwill. Investment properties comprising residential and commercial properties held for income and capital gain, decreased to S\$9.5 million as at 31 December 2015 from S\$11.8 million as at 31 December 2014, mainly due to disposal of investment property during FY 2015, and exchange rate translation losses.

Current assets decreased to S\$13.1 million as at 31 December 2015 from S\$49.0 million as at 31 December 2014. The decrease was mainly due to further provision of impairment of S\$29.5 million made against trade receivables and sale of investments held for trading of S\$5.4 million. Trade and other payables increased to S\$13.5 million as at 31 December 2015 from S\$2.9 million as at 31 December 2014, mainly due to closing of certain loss positions in derivative instruments. This resulted in derivative payables and other liabilities decreasing to nil as at 31 December 2015 from S\$9.5 million as at 31 December 2014.

The Group had a negative working capital of S\$0.5 million, mainly due to decrease in investments held for trading, and trade receivables. As at 31 December 2015, the Group's current ratio was 1.0 times, as compared to 3.2 times as at 31 December 2014. Total equity decreased to S\$15.5 million as at 31 December 2015 from S\$65.0 million as at 31 December 2014 mainly due to the total comprehensive loss of S\$50.6 million.

BUSINESS REVIEW

The Group's main business activities are in investments, investment holding, providing of management services to related companies, and trading.

Portfolio management in investments held for trading and financial instruments

The Group invests surplus cash that is not immediately required for operations in marketable securities and financial instruments. It constantly evaluates opportunities for such investments. The fair value of the Group's portfolio of marketable securities and financial instruments is subject to external market factors at the time of valuation



Chairman's Statement

and this may have an impact on the income statement, balance sheet and cash flow statement for the reporting period.

Investments in properties

The Group's investment properties are residential and commercial properties held for income and capital gain. The Group has reviewed its investments and businesses, and has decided to dispose some of its investment properties in Malaysia. Barring unforeseen changes in the economic and business environment, the Group does not expect the disposal of its investment properties in Malaysia to have any significant impact on its financial position.

Natural Gas Distribution

On 28 March 2016, the Company entered into a Memorandum of Understanding ("MOU") with Rubic Prize Limited ("Rubic") to reduce the purchase consideration for the acquisition of Extera.

The Company had in late December 2013 acquired 81.82% equity interest in Extera for a total consideration of S\$17.1 million ("the Purchase Consideration"). The Purchase Consideration was satisfied by the payment of S\$7,200,000 in cash and issuance of 300,000,000 new ordinary shares (the "Consideration Shares") to Rubic at an issue price of S\$0.033 per Consideration Share. The aggregate value of the Consideration Shares is S\$9,900,000.

Despite the best efforts of both parties, the CNG business did not achieve the growth or returns anticipated. Sheng Rong ceased its CNG business in 2015. The Company having fully impaired the goodwill in the financial year ended 31 December 2015 had been in negotiations with Rubic to adjust and reduce the Purchase Consideration.

The MOU contemplates that the Purchase Consideration will be adjusted and reduced, by Rubic:

1. transferring its 18.2% equity interest in Extera to the Company; and
2. returning the Consideration Shares (valued at S\$9.9 million) to the Company for either cancellation or otherwise as the Company may determine following advice from its professional advisors.

CORPORATE DEVELOPMENTS

Transfer to Catalyst Board

On 21 December 2015, the Board of Directors of the Company announced that it intends to undertake the proposed transfer ("Proposed Transfer") of the listing of

the Company from the Main Board to the Catalyst Board ("Catalist") of the Singapore Exchange ("SGX-ST"). The Board believes that the current scale of the Company's business and its market capitalisation are more suited to a Catalist listing. Catalist will provide the Company with a more conducive listing platform via a Sponsor to carry out timely corporate actions. The Proposed Transfer will also better allow the Company to attract investors as the Catalist will provide a more flexible platform for future fundraising and potential acquisitions and disposals. The proposed transfer is subject to approval from SGX-ST as well as approval from shareholders at an Extraordinary General Meeting ("EGM") to be convened. The Company will update shareholders on any developments with regard to the proposed transfer.

Singapore Exchange Minimum Trading Price Rule ("MTP")

SGX-ST's Minimum Trading Price ("MTP") rule requiring Main Board companies to have a minimum six months volume weighted average price ("VWAP") of 20 Singapore cents per share came into effect on 1st March 2016. Companies whose six months VWAP is below the MTP will be placed on a watchlist for three years, during which their shares will not be eligible for investment under the Central Provident Fund Investment Scheme ("CPFIS"). Companies that fail to comply with the MTP by 28 Feb 2019 could be delisted or have the option to transfer to the Catalist board where there is no MTP requirement.

On 26 February 2016 the Company announced that the SGX-ST had granted the Company an extension of time till 1st September 2016, to comply with the MTP requirement.

PRC clean fuel joint venture

The Company announced in February 2015 that Extera entered into an agreement with Mr. Liang Gaocheng and Aceford Limited to establish a Chinese Joint Venture company ("CJVCo") in Shandong province, the PRC, to market and distribute clean diesel and gasoline. Since the signing of the agreement, the necessary licenses and permits for the contemplated activities of the CJVCo have not been procured by Mr Liang. The CJVCo has not been established and the contemplated activities have not commenced. The Company decided not to proceed with the investment as it does not align with the Group's plans and strategy moving forward. On 14 March 2016, the Company announced the termination of the agreement and the parties have agreed and confirmed that there will be no claim, demand, debt, liability, obligation and suit of whatsoever nature against each other.



Chairman's Statement

Microalgae cultivation and oil extraction joint venture

On 22 September 2015, the Company entered into a Joint Venture Agreement ("JVA") with Primeforth Renewable Energy Limited ("Primeforth"), to establish a microalgae cultivation and oil extraction project to be located in Singapore. On 21 January 2016, the Company signed a supplemental agreement with Primeforth to provide that a private limited company be incorporated in Singapore or in Malaysia as the case may be, and that the first facility shall be located in Malaysia. Malaysian Microalgae Enterprise Sdn Bhd was incorporated for this joint venture.

The JVA had contemplated to establish the first facility in Singapore, however the search for a suitable site had been unsuccessful. Upon securing a suitable site for the project and barring unforeseen delays in obtaining the necessary permits and approvals (if applicable), the Company expects the construction of the microalgae farm and ancillary facility to be completed and to commence operations within six months. The project has the capacity to extract up to 30 tonnes of microalgae oil a day. The Company will update shareholders on the developments of the joint venture as and when appropriate.

Kyrgyz Republic gold mining joint venture

On 15 April 2015, Golden Eagle Mining Pte Ltd, a wholly owned subsidiary of the Company, acquired a 50% participating interest in a gold exploration and mining concession located in Chatkal district, Dzhalsal-Abad Oblast, in the Kuramat region of the Kyrgyz Republic ("Kyrgyzstan") for a consideration of US\$400,000 from an unrelated Kyrgyz person and funding of up to US\$150,000 for the 2015 work program.

The exploration and mining licences were issued to Artel Trade LLC ("Artel"), a Kyrgyz Company, on 22 January 2014 and are valid till 22 May 2019. The licenses may be extended for a further period of 20 years. The concession covers an area of 63.72 km² in the middle Tien Shan metallogenic province which holds some of the largest gold deposits in Central Asia. The concession was explored in 1970 and 1986-87 by Soviet geologists and in 1992 by official Kyrgyz geological expedition (collectively, "Expeditions"). Based on the data from these Expeditions, Kyrgyz geologists reported that there are 3.75 tonnes of ore gold of P1 category (USSR classification) over a 1.5 km² area in the concession, calculated according to "Instructions on geochemical methods of exploring ore deposits (USSR)" code.

Archival records and data from the Expeditions also reported that the concession area contains 447 kilograms of recoverable alluvial gold. This conclusion was based on exploration of only 2 sections of the licensed area where 13 adits in one sections and more in the second section were dug.

The 2015 work program, from April to September 2015 covered mine infrastructure development, engineering feasibility and environmental studies. A total of 1,620 metres of drilling was completed and 4,050 drill samples were collected of which 500 samples were sent to the Central Laboratory of the State Agency on Geology and Mineral Resources of the Kyrgyz Government ("Geology Agency") which is a state-owned enterprise, specialising in the comprehensive study of minerals for analysis.

Work program for 2016 is being prepared by Kyrgyz geologists for submission to the Geology Agency for approval.

The Company will update shareholders on the progress of this investment as and when appropriate

THE YEAR AHEAD

We expect the global economy to remain challenging in 2016, however we are cautiously optimistic in the light of the Group's current corporate developments. We have disposed of the Group's sub-optimal yield assets and focusing our resources on the microalgae cultivation and oil extraction joint venture. Our knowledge of microalgae is growing each day and we are cognizant of the boundless opportunities that can be derived from this single cell organism. The benefits from microalgae cultivation for oil include efficient use of land as the (oil) yield is 300 times that of a palm oil plantation per litre per acre [source: US Department of Agriculture], and production of oxygen and removal of carbon dioxide from our environment.

2016 will also be a busy year for the Company in corporate actions like, meeting the MTP requirement and dealing with the 300 million Consideration Shares to be returned by Rubic.

The Group is also currently studying several investment opportunities that are synergistic with microalgae cultivation and the high value downstream activities. We hope that some of such opportunities will materialise and add value to the Company and shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board I would like to express my deep appreciation to our business partners and associates for their unwavering support and to our management and staff for their loyalty, hard work and commitment. To my fellow directors I am grateful to them for their untiring and important contributions. Finally, to our shareholders, thank you for your trust and continued support.

Dato' Moehamad Izat Emir

Chairman

7 April 2016



Key Players

DIRECTORS' PROFILE

Dato' Moehamad Izat Emir has been a director of the Company since 1 November 1995. He was appointed as Executive Chairman on 10 August 2001 and relinquished his executive role on 23 August 2002 but remains as Chairman of the board.

Dato' Izat is a prominent Malaysian businessman with extensive business and corporate experiences. Currently he is the Deputy Chairman of a Bursa Malaysia public listed company, SKB Shutters Corporation Berhad, Chairman of Emir Group of Companies and Impsa (Malaysia) Sdn Bhd, a hydro power plant company.

Since December 1998, Dato' has been the President of the Malaysian Malay Businessmen and Industrialists Association (PERDASAMA), an association with more than 18,000 strong membership nationally.

Dato' has been actively involved in the promotion of international trade and was a committee member of the Malaysian-China Business Association, Malaysian-Thai Business Association and Chairman of the sub-committee for Economics-Trade and Investments of the Malaysia-Thailand Association. Dato' was also appointed by the Ministry of International Trade and Industry (MITI), Malaysia as a member of the Malaysia-Singapore Business Council in 2004. Currently he is the Deputy President of the Malaysian-Finnish Business Council and more recently, he had been appointed Vice Chairman of the Malaysia-Cambodia Business Council. He had been invited three times as a Malaysian representative observer in Uzbekistan elections.

Dato' had also served in various public organizations such as Chairman, National Consumer Affairs of Malaysia (1995-2000), Chairman (1984-1997) and Deputy Chairman (1974-1984), Malay Chamber of Commerce, Kuala Lumpur. Dato' was also active in the Subang Jaya Municipal Council (MPSJ) (1996-1998) and Petaling Jaya Municipal Council (MPPJ) (1992-1994).

Dato' is the Chairman of UMNO Setia Budi branch. He had previously been with the UMNO Puchong Division and lastly as its Vice-Chairman (1991-1994), UMNO Subang Division (1994-1996) and also the Permanent Chairman of UMNO Youth of the Petaling Jaya Selatun Division (1998-2001). Dato' was appointed as a MARDI (Ministry of Agriculture, Malaysia) Scientific Council member from June 2003 to 2013.

Dato' was appointed as the Chairman of Financial Committee Member of MTEM (Majlis Tindakan Ekonomi Melayu Bersatu) in December 2011. Formed in September 2011, MTEM is a NGO to modernise the Malay economy, connecting the Malay Support Base to the Economic Transformation Program. He was also appointed as Advisory Council Member by Universiti Teknologi MARA from 2014-2016.

Dato' Izat is active in connecting Malaysian businessmen and entrepreneurs with the local business council to collaborate and expand their businesses. Dato' Izat successfully collaborated MCCC (Malaysia-China Chamber of Commerce) and the Chinese Government in organising the Guangdong Maritime Silk Road International Expo for 2 consecutive years (2014 and 2015). This event is being organised and held annually due to high demand from Malaysian businessmen and entrepreneurs.

Recently, Dato' Izat was appointed as a committee member on Ministerial Roundtable session by the Ministry of International Trade and Industry (MITI) on the Trans-Pacific Partnership Agreement (TPPA), and concurrently the Malaysian Government's deliberation for a common platform to deal with the challenges facing the global halal industry.

Wong Chin Yong is Managing Director and Chief Executive Officer since 18 September 2001. Mr. Wong is a Business Administration graduate from the University of Singapore. He has almost 40 years experience in financial markets, investment banking, and management. Mr. Wong spent his early career in treasury management with several international banks in Singapore before joining the Monetary Authority of Singapore as a senior officer. He also headed the Singapore branch of a U.S. investment bank in the 1980s. In the 1990s, Mr. Wong was the chief executive of several public-listed companies in Canada, Hong Kong and Malaysia that were engaged in oil & gas exploration, gemstone mining, marketing and distribution.



Key Players

Ong Kah Hock was elected as director of the Company on 31 August 2001. Mr. Ong holds a MBA degree from University of Bradford, B.Sc. (Hons) degree from the University of Salford and Diploma in Marketing from Institute of Marketing, UK. He has more than 30 years experience in marketing and general management in the shipbuilding, machinery and chemical industries. He is currently a director and general manager of a home appliances and hair care products distribution company.

Arslan Koichiev was appointed as director of the Company on 5 March 2014. Dr Koichiev holds a PhD in History from the Kyrgyz State University. He also attended the Master of Arts International and Comparative Legal Studies in the School of Oriental and African Studies, University of London. Currently he is the director of Manas Resources LLC, a gold mining company in the Kyrgyz Republic. Dr Koichiev also headed Manas Coal LLC and Manas Minerals LLC, coal mining companies in the Kyrgyz Republic. From 2011 to 2012, he was a Country Consultant of Central Asia Resources UK and a Consultant in Premier Management Holdings, UK. From 1996 to 2011, he was a Radio Producer with BBC World Service, London. Since 1994, Dr Koichiev has been a Political Columnist for “Kutbilim”, a newspaper in the Kyrgyz Republic. He was also a Bishkek-based correspondent for Radio Free Europe and Radio Liberty of Munich, Germany from 1994 to 1996. Dr Koichiev has written and published three books in Kyrgyz, “The Disappearance: The Curse On The Bedel Pass”, “Let My Words Reach Them” which won him a second place in the national contest of writers in 2012 and “The Shaman and Genghis Khan” which he won the first place in the national contest of writers in 2014.

Jeremy Dyer was appointed as director of the Company on 21 March 2014. Born and educated in UK, Mr Dyer holds a B.Sc. (Hons) degree in Geology from Manchester University. He has more than 35 years technical and managerial experience in the upstream petroleum industry in UK, USA, Malaysia and Indonesia. Mr Dyer is the technical director and founder of PT OPAC Barata, an Indonesian upstream petroleum service company established in 1999. He is also a co-founder and non-executive director of Geoglide Holdings Pte Ltd, a petroleum service company operating in Australia and Indonesia. Since 1992, Mr Dyer has been living in Jakarta and is widely known in the Indonesian upstream oil and gas business.

KEY EXECUTIVES' PROFILE

Jenny Soh Woon Chuen is General Manager for Corporate Affairs of the Company. She is responsible for the day to day operations, administration, human resource and corporate affairs of the Singapore office. Ms. Soh joined the Company in January 1988 as Accounts Executive. After leaving the Group for a short span of six months for an executive search company as Finance and Administration Manager, she re-joined the Company in February 1993 as Assistant Manager (Finance). Ms. Soh was promoted to Corporate Manager in September 1996 where she was in charge of the Group's various fund raising and corporate exercises. Due to her vast experience and knowledge of the Group, Ms. Soh was promoted to the current position in July 2001.

Stanley Chu Kam Po is the Group Financial Controller and Company Secretary. He joined the Company in June 2007 and took on the primary responsibility of overseeing the day to day operations of the finance department as well as the group accounts, finance, taxation, secretarial and other related functions. Mr. Chu holds a MBA degree from the Chinese University of Hong Kong, a Master degree in Information Systems from the Hong Kong Polytechnic, a Bachelor of Business degree from Curtin University of Technology, Western Australia and Bachelor of Laws degree from the University of Wolverhampton. He attained membership of the Chartered Institute of Management Accountants in 1985. Before assuming this role, he was a director of an accounting and consulting service company for 5 years. Prior to this, he had over 20 years working experience in several corporations based in Hong Kong and Singapore, engaged in manufacturing, technology and ship repairing.



Report on Corporate Governance

Innopac Holdings Limited (the “Company”) and its subsidiaries (the “Group”) is committed to achieving and maintaining a high standard of corporate governance in complying with the Code of Corporate Governance 2012 (the “Code”) which forms part of the continuing obligations of the SGX-ST listing rule. The Group has complied with all principles and guideline set out in the Code.

This Report describes the Group’s corporate governance practices that were in place in the financial year ended 31 December 2015 (“FY 2015”).

BOARD MATTERS

The Board’s conduct of affairs

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

The Board of Directors (the “Board”) oversees the Group’s business affairs, sets broad and overall business objectives, provides guidance to and monitors the performance of Management.

The Board reviews and approves the Group’s strategic plans, key operational initiatives, major investments and funding decisions, identifies principal risks and ensures the implementation of internal control procedures to manage these risks and the performance of the Group.

The Board has delegated certain matters to specialised committees of the Board. The committees include the Audit Committee (the “AC”), the Nominating Committee (the “NC”) and the Remuneration Committee (the “RC”) (collectively, the “Board Committees”) whose actions are reported to and monitored by the Board. They assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The effectiveness of each Board Committee is also constantly reviewed by the Board.

All directors exercise diligence and independent judgment and make decisions objectively in the best interest of the Group and are fully cognizant of their responsibilities as fiduciaries of the Company.

The Board meets regularly and as warranted during the year. Adhoc meetings are also held to deliberate on significant transactions or issues where necessary. Attendance at Board meetings by telephone and video conferencing via audio-visual communication are allowed under the Constitution of the Company.

Since 8 April 2015, the number of meetings held and the attendance report of the Board and Board Committees were as follows:

Meeting of	Board		Audit Committee		Nominating and Remuneration Committee	
	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended
Dato’ Moehamad Izat Emir	5	5	5	5	1	1
Wong Chin Yong ¹	5	5	5	4	1	1
Ong Kah Hock	5	5	5	5	1	1
Arslan Koichiev	5	4	5	2	—	—
Jeremy Dyer ²	5	5	5	5	1	1

1. Mr Wong Chin Yong was invited to attend all the AC meetings.

2. Mr Jeremy Dyer was invited to attend the RC meeting as Mr Wong Chin Yong recused himself from the deliberation and voting.

Furthermore, Board approvals are required for all material matters, the release and announcement of the quarterly and full year results and announcements on the SGXNet portal. A matter, other than the ordinary course of business, is considered material if the value of the transaction exceeds 5% of the Group’s net tangible assets.



Report on Corporate Governance

The Company does not have a formal training program for new directors. However, all newly appointed directors are fully apprised of the Group's business strategies, operations and organisation structure as well as Directors' fiduciary responsibilities and obligations. During the financial year reported on, the Board had received updates on regulatory changes to the rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual ("Listing Manual") and changes to the accounting standards. The Company also arranges and pays for directors' attendances and participations in director training seminars and courses organised by external parties.

Board composition and guidance

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

As at the date of this report, the Board comprises five directors. Excluding the Chief Executive Officer ("CEO"), all directors are independent non-executive directors (including the Chairman).

The directors of the Company are:

Dato' Moehamad Izat Emir (*Chairman*)
Ong Kah Hock
Arslan Koichiev
Jeremy Dyer
Wong Chin Yong (*Managing Director and CEO*)

The NC adopts the Code's definition of an independent director in its review. As 80% of the Board are comprised of independent and non-executive directors, the NC is of the view that the non-executive directors are independent directors and that no individual or small group of individuals dominate the Board's decision making process.

Two of the directors, namely Dato' Moehamad Izat Emir and Mr Ong Kah Hock have served for more than 9 years. The Board has considered and determined their continued independence. The Board has determined that the directors concerned remained independent of character and judgment and there are no factors which are likely to affect, or could appear to affect, the directors' judgment. The Board is satisfied that the independence of character and judgment of each of the directors concerned was not in any way affected or impaired by the length of service and they can continue to discharge their duties objectively. The Board does not consider it to be in the interests of the Company or shareholders to require all directors who have served more than 9 years to retire. The Board is also of the view that the in-depth understanding of the Group's business and operations gained by these directors will contribute to continuity and stability.

The Board is of the view that given the nature and scope of the Group's operations, the present Board size facilitates effective decision-making. The Board's composition is reviewed by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is satisfied that the current Board members have the vast business and management experience, industry knowledge and strategic planning experience to provide core competencies and attributes for an effective Board. The directors' profile are presented in pages 7 and 8.

All the Independent Non-executive Directors of the Company constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. The Independent Directors meet amongst themselves without the presence of the Management when necessary.

Chairman and Chief Executive Officer

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

The roles and responsibilities of the Chairman and CEO are separated. There is no relationship between the Chairman and the CEO.



Report on Corporate Governance

The Chairman manages the business of the Board and Board Committees which assist in ensuring compliance with the Company's guidelines on corporate governance. In consultation with the CEO, the Chairman sets Board and Board Committee meetings at appropriate intervals during the year. He reviews and exercises control over the quality, quantity and timeliness of information flow between the Board and Management thereby setting constructive relationship and ensure that each member of the Board works well together with the Management.

The CEO leads the Management team and is responsible for the day-to-day operations of the Group. Besides creating business opportunities and driving the Group's growth and development both locally and overseas, he also implements the Board's decisions. In assuming their roles and responsibilities, the Chairman and the CEO consult the Board and the Board Committees on major issues.

Board Membership

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

The NC comprises three directors, with a majority of independent non-executive directors as follows:

Dato' Moehamad Izat Emir (*Chairman*)
Ong Kah Hock
Wong Chin Yong *CEO*

The NC carries out its duties in accordance with a set of terms of reference which includes the following:

- (a) making recommendations to the Board on all board appointments, including re-nomination of directors, having regard to each Director's contribution and performance;
- (b) determining annually whether or not a Director is independent;
- (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- (d) deciding on how the Board's performance may be evaluated and to propose objective criteria for evaluation and assessment of the effectiveness and performance of the Board as a whole and for evaluation and assessment of the contribution by each individual Director to the effectiveness of the Board; and
- (e) review of training and professional development programs for the Board.

In the search, nomination and selection process for new directors, the NC identifies the key attributes that an incoming director should have based on a matrix of the attributes of the existing Board and the requirements of the Group. The NC then submits recommendations to the Board on all nominations for appointments to the Board and the Board Committees. Under the Constitution of the Company, such new directors appointed must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company.

The Constitution of the Company requires one third of the Board, except the Managing Director, to retire by rotation once every three years at the AGM and shall then be eligible for re-election at the meeting at which he retires. In assessing the directors for reappointment, the NC evaluates several criteria including, qualifications, expertise and contributions of the directors before recommending to the Board. Each member of the NC will abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

The NC also determines annually whether or not a director is independent, based on guidelines in the Code. In determining whether each Director is able to devote sufficient time to discharge his duty, the NC is of the view that its assessment should not be restricted to the number of board representations of each Director and his respective principal commitments. It is best to have each Director evaluate his own ability to commit time to the Company.



Report on Corporate Governance

Board of Directors	Board Membership	Date of 1st appointment	Date of last re-election	Audit Committee	Nominating Committee	Remuneration Committee
Dato' Moehamad Izat Emir	Non-executive/Independent	1 Nov 1995	30 Apr 2015	Member	Chairman	Chairman
Wong Chin Yong	Executive/Non-Independent	8 Aug 2001	–	–	Member	Member
Ong Kah Hock	Non-executive/Independent	31 Aug 2001	30 Apr 2015	Chairman	Member	Member
Arslan Koichiev	Non-executive/Independent	5 Mar 2014	27 Jun 2014	–	–	–
Jeremy Dyer	Non-executive/Independent	21 Mar 2014	27 Jun 2014	Member	–	–

Board Performance

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

The NC is responsible for evaluating the performance of the Board and Board Committees. Some of the criteria in its evaluation include the size and composition of the Board, the Board's access to information, participation and contributions at Board and Committees meetings, communications and guidance given to the Management.

In FY2015, as there were only five Board members, interaction and communication between each member was easy. With the approval of the Board, each of the directors were peer assessed on the foregoing criteria, industry knowledge and experience, networking and investments opportunities origination.

The results of assessment are submitted to the NC and subsequently presented to the Board and the key areas for improvement are discussed at the Board meeting. The above criteria may be changed when it is deemed necessary and approved by the Board. The Board Chairman may act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors. The criteria for directors' evaluation will also be applicable for appointment of new directors.

Access To Information

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

On an on-going basis and prior to Board meetings, members of the Board are provided with appropriate relevant materials to facilitate the Board to make informed decisions.

The directors also have unrestricted access to the Company Secretary and Management at all times. Directors are entitled to request from Management and are provided with such additional information as needed to make informed and timely decisions. The Board is informed on all material events and transactions as and when they occur.

The Company Secretary attends all Board and Board Committee meetings and is responsible to ensure that Board procedures are followed and recording and circulating to the Board and the Board Committees the minutes of all Board and Board Committees meetings. The Company Secretary also advises the Board on legal and regulatory issues when required. The appointment and removal of Company Secretary is undertaken by the Board as a whole.

Should directors, whether as a group or individually, need independent professional advice, the Company Secretary will upon direction by the Board, appoint a professional advisor selected by the group or the individual and approved by the Chairman to render advice at the Company's expenses.

Report on Corporate Governance

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The Remuneration Committee ("RC") which was reconstituted on 27 June 2014, comprises the following directors:

Dato' Moehamad Izat Emir (*Chairman*)
Ong Kah Hock
Wong Chin Yong (*appointed on 27 June 2014*)

The principal responsibilities of the RC include the following:

- (a) reviewing and recommending to the Board for endorsement, a framework for computation of directors' fees of the Board (non-executive directors). For executive directors and other senior management, the framework covers all aspects of executive remuneration and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework;
- (b) administering the Innopac Share Option Scheme and Innopac Performance Share Scheme; and
- (c) carrying out its duties in the manner that it deems expedient, subject always to any restrictions that may be imposed upon the RC by the Board from time to time.

The RC ensures that a formal and transparent procedure is in place for fixing all aspects of remuneration, including, but not limited to, salaries, allowances, bonuses, options and benefits-in-kind the remuneration package of the executive director, key management executives of the Group and directors' fees for non-executive directors.

The RC reviews and recommends to the Board such remuneration packages for endorsement. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package.

The RC is provided with access to expert professional advice on remuneration matters, as and when necessary. The expenses of such services shall be borne by the Company.

The RC also reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Director and key management executives to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

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

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate directors and key management executives with the required experience and expertise. The Company has only one (1) executive director (the CEO) whose remuneration package is as per his service contract dated 17 December 2004. As an executive director, the CEO does not receive directors' fees.

The Company's compensation framework comprises fixed pay and short-term and long-term incentives that are linked to the performance of the Group and the individual. The performance-related component of remuneration is designed to motivate and reward employees and align their interests with those of the shareholders and to give recognition for past contributions and services.

The RC administers the Company's share-based remuneration incentive plans, namely, the Innopac Share Option Scheme ("Share Options") and Innopac Performance Share Scheme ("Share Awards") (collectively, "the Schemes").



Report on Corporate Governance

The independent and non-executive directors receive directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and at the same time, ensures that the compensation commensurate with the responsibilities and risks involved in being a director. The directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at AGMs. In addition, non-executive directors who in the opinion of RC have contributed or will contribute to the success of the Group, are also eligible to participate in the Schemes so as to better align the interests of such non-executive directors with the interests of shareholders.

Disclosure on Remuneration

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

The remuneration of each individual director and CEO on named basis (to the nearest thousand dollars) and the breakdown (in percentage terms) of their remuneration for the year ended 31 December 2015 was as follows:–

Name of Director	Basic Salary %	Bonus %	Benefits in kind %	Directors' fees %	Total S\$'000
<i>Chief Executive Officer</i>					
Wong Chin Yong	95	4	1	–	471
<i>Independent Directors</i>					
Dato' Moehamad Izat Emir	–	–	–	100	50
Ong Kah Hock	–	–	–	100	35
Arslan Koichiev	–	–	–	100	15
Jeremy Dyer	–	–	–	100	25

At the 41st AGM held on 30 April 2015, shareholders approved directors' fees of up to S\$140,000 for 2015. The final amount of directors' fees for 2015 amounted to only S\$125,000. The RC has proposed the payment of directors' fees of up to S\$150,000 for the financial year ending 31 December 2016 which the Board would table at the forthcoming AGM for shareholders' approval.

The Company has only two (2) key executives (who are not directors), and the breakdown of their remuneration in percentage terms for the year ended 31 December 2015 was as follows:–

Name of Key Executives	Basic Salary %	Bonus %	Total %
<i>Below S\$250,000</i>			
Jenny Soh Woon Chuen	96	4	100
Stanley Chu Kam Po	96	4	100

There are no termination, retirement and post-employment benefits that may be granted to directors and key executives. The Company has not disclosed exact details of the remuneration of each key executive as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. In aggregate the total remuneration paid to the two (2) key executives (who are not directors) in FY2015 was S\$278,160.

Report on Corporate Governance

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

On 28 April 2015, the Company granted a total of 95,000,000 Share awards and 95,000,000 Share Options pursuant to the rules of the Innopac Share Performance Share Scheme and Innopac Share Option Scheme to directors and staff at S\$0.008 per share.

The Share Awards was determined at the discretion of the Board and granted principally on performance-based, incorporating performance targets for directors, senior executives and staff aiming at delivering long-term shareholders' value. Share Awards represent the right to receive fully paid shares, free of charge and will be released to participants when prescribed performance targets have been achieved and within the vesting period. None of the shares awards have been vested at the date of this report.

The fair values of Share Options and Share Awards granted are recognised as an employee expense with a corresponding increase in equity. The fair value of Share Options is measured at date of grant and spread over the period. The fair value of the Share Awards is recognised upon meeting the performance targets. Further details are in the Directors' Statement of this Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Management is committed to provide prompt and thorough disclosures and provides all members of the Board with balanced and understandable accounts of the Company's performance in a timely manner. The Board aims to provide the shareholders with a balanced and comprehensive assessment of the Group's financial position, performance and prospects.

The financial statements for the first three quarters and full financial year with performance review, detailed analysis and commentaries on prospects by the Management were reviewed by the Board and provided to the shareholders within the timeframe of the Listing Manual. In preparing the financial statements, the Board has ensured consistent application of applicable accounting policies and where necessary, makes judgments and estimates that are reasonable.

The Management also provides other relevant disclosure documents, explanations and information to the Board prior to meetings and on an on-going basis.

Risk Management and Internal Controls

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

The Board assumes the responsibility of the risk management function. The Board assisted by the AC regularly reviews the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The AC reviews all significant policies and procedures and highlights all significant matters to the Board and the Management. The Board determines the nature and extent of the significant risks which the Group is willing to take in achieving its objectives. In view of the Group's manageable size, the Board is of the view that a separate risk committee is not required for the time being.



Report on Corporate Governance

The Board's objectives in its oversight of risk governance and risk management of the Company and its subsidiaries include the following:

- Oversee the Group's risk exposure, risk appetite and risk strategy;
- Review and guide Management in the formation of the Group's risk policies and in the execution of risk assessment processes and mitigation strategies; and
- Review the effectiveness of the Group's risk management to align it to the changing needs and risk profile of the Group's activities.

The Group Financial Controller is tasked to implement the Group's risk management policies and processes, and develops the framework to assist the subsidiaries and units in identifying, monitoring and managing the risks within the Group. The AC also reviews and ensures that the Group's system of internal controls provides reasonable assurance on:

- compliance with applicable laws, regulations, policy and procedures;
- reliability and integrity of information; and
- safeguarding of assets.

The Board has received assurance from the CEO and the Group Financial Controller that:

- (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and are in accordance with the relevant accounting standards; and
- (b) they have evaluated the effectiveness of the Group's internal controls and have discussed with the Group's external auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.

During the financial year under review, internal auditors were engaged to review the Group's operations. The Group's external auditors had reviewed the internal accounting controls that are relevant to their audit. Any non-compliance and recommendation for improvement were reported to the AC who will monitor and ensures that necessary corrective actions are taken on a timely basis. The AC has also reviewed the adequacy and effectiveness of the Group's internal controls and risk management systems.

Based on reviews conducted by the Management, work performed by the internal and external auditors, the above assurances from the CEO and Group Financial Controller on the financial records and effectiveness of the Company's internal controls and risk management systems, the Board, with the concurrence of the AC, is of the opinion that the internal controls and risk management systems in place are adequate and effective in addressing the Group's financial, operational, compliance and information technology risks as at 31 December 2015.

The Board notes that the system of internal controls provides reasonable, but not absolute assurance that the Group will not be affected by any event that could reasonably be foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, fraud or other irregularities.

Audit Committee

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

The Audit Committee ("AC") which was established since 1990 was reconstituted on 27 June 2014 and currently comprises three (3) independent non-executive directors:

Ong Kah Hock (*Chairman*)
Dato' Moehammad Izat Emir
Jeremy Dyer



Report on Corporate Governance

The members of the AC have sufficient accounting and related financial management expertise or experience, as assessed by the Board in its business judgment, to discharge the AC's functions. The AC is authorised to investigate any matter and has full access to, and the co-operation of the Management with full discretion to invite the executive officers to attend its meetings. The AC meets regularly as and when deemed appropriate to carry out its functions which are set out in the Directors' Statement of this report.

The AC has conducted an annual review of the performance of the external auditor and as there is no other non-audit related work carried out by the external auditors during the financial year, the AC is satisfied with their independence. Details of the aggregate amount of fees paid to the external auditors for the financial year, and a breakdown of the fees paid in total for audit services, can be found in the Notes to the Financial Statements.

The AC has also put in place a whistle-blowing policy whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up actions. There were no whistle-blowing letters received during the year and until the date of this report.

The quarterly and full year financial statements and the accompanying announcements are presented to the AC for review to ensure the integrity of information prior to their recommendations to the Board for approvals for their release.

During the financial year, the AC reviewed and discussed with the Management:

- (a) the scope and results of the audit, including the external auditors' findings, the cost effectiveness, their independence while seeking to balance the maintenance of their objectivity and ability to provide value-for-money professional services;
- (b) the three quarterly and full year unaudited results announcements and all related disclosures to shareholders before recommending to the Board for approval;
- (c) the adequacy of the Group's internal controls and procedures;
- (d) the appointment and re-appointment of auditors and the approval of the remuneration and terms of engagement of the auditors;
- (e) the auditors' significant audit observations, together with the Management's responses and actions to correct any deficiencies so that an effective system of control is maintained in the Group;
- (f) the internal audit plans and report of the Group and follow up actions for effective internal control functions of the Group;
- (g) legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- (h) the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time; and
- (i) interested person transactions in accordance with the requirements of the Listing Manual of the SGX-ST.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC meetings.

The Company confirms compliance with rule 712 and 715 of the Listing Manual in engaging Moore Stephens LLP ("MSLLP"), which is registered with the Accounting and Corporate Regulatory Authority as the external auditors of the Company.

Except as indicated in the Notes to the Financial Statements, MSLLP is the external auditor of the Company and all its Singapore incorporated subsidiaries while Moore Stephens Associates & Co., Chartered Accountant, Malaysia, is the external auditor of the Company's Malaysia-incorporated subsidiaries. In the opinion of the directors, the Group has complied with the Code's guidelines on audit committees as well as rule 716 of the Listing Manual.



Report on Corporate Governance

Internal Audit

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

During FY2015, the Group outsourced its internal audit function to Foo Kon Tan Advisory Services Pte Ltd, an accounting firm that is not affiliated to the external auditors. The internal audit function is independent of the activities it audits. The internal auditors reports primarily to the Chairman of the AC and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

In FY2015, the findings of the internal auditors were discussed in details at the AC meeting including any internal control weaknesses, non-compliance of policy and procedures as well as follow-up actions required to strengthen the internal control system of the Group. The AC is satisfied that the internal audit function is adequately resourced to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience. As a member of the Institute of Internal Auditors, the internal auditors are guided by the International Professional Practices Framework for Internal Auditing set by The Institute of Internal Auditors.

The internal audit function plans its internal audit schedules in consultation with, but independent of the Management and submits to the AC for approval prior to the commencement of the internal audit work.

Use of Proceeds

As at 31 December 2015, the use of proceeds of the 2014 rights issue and the 2013 share placement are as follows.

	2014 Rights Issue S\$'000	2013 Share Placement S\$'000
General working capital	898	2,500
Business expansion	–	10,573
Investments at cost, and held in cash and cash equivalents	8,085	16,716
Total	8,983	29,789

The breakdown of usage for general working capital as at 31 December 2015 are as follows.

Payroll and employee expenses	207	1,307
General administrative and service expenses	691	1,086
Listing expenses and corporate matter expenses	–	107
General working capital	898	2,500

S\$8.1 million from the 2014 rights issue and S\$16.8 million from the 2013 share placement have been invested in investments or cash and cash equivalents, pending deployment of funds. The rest of the proceeds from the 2014 rights issue and 2013 share placement have been utilised in accordance with the stated purposes.

The Company will provide further updates on the use of the proceeds from the 2014 rights issue and 2013 share placement as and when such proceeds are further disbursed and whether such use is in accordance with the stated use.

Report on Corporate Governance

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

The Board's policy is to ensure that all shareholders should be equally informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

The Constitution of the Company allows a shareholder to appoint up to two proxies to attend and vote in his place at general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors. The Company's general meetings procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval.

Communication With Shareholders

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

Communication with shareholders is managed by the Board. The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Manual in public announcements via SGXNet portal.

Such announcements including the quarterly and full year results and annual reports are issued within the mandatory period and are also available on the Company's website — www.innopacific.com. All shareholders of the Company receive the full annual report accompanied by the notice of AGM. Notice of all general meetings is also advertised in the Business Times.

As the Company still has accumulated losses as at 31 December 2015 and its current priority is to achieve long-term growth for the benefit of its shareholders, any future profits shall therefore be retained for investment in the future. The Board would consider establishing a dividend policy at the appropriate time.

Conduct Of Shareholder Meetings

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

The Company fully supports shareholder participation at general meetings. The Company's principal forum for dialogue and interaction with shareholders takes place at its AGM, where members of the Board and Management are present and available to address shareholders' queries. The external auditors are present to address shareholders' queries on the conduct of audit and the auditors' report. The Company issues the notice of general meeting at least 14 days before the scheduled date of such meeting.

All resolutions, as far as possible, are structured separately and may be voted on independently. Thus all resolutions are single item resolutions as set out in the agenda of the notice of general meeting. In 2015 AGM and EGM, all resolutions were put to vote by electronic polling and the detailed results showing the number of votes cast for and against each resolution and the respective percentage were announced to shareholders immediately at the meeting. The results of the general meeting were released on SGXNet portal on the same day.



Report on Corporate Governance

OTHER CORPORATE GOVERNANCE MATTERS

INTERESTED PERSON TRANSACTION (RULE 907 OF THE SGX-ST LISTING MANUAL)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

Save as disclosed hereinafter, and in Notes 15 and 39 of the Notes to the Financial Statements in this Report, there was no interested party transaction carried out during the financial year 2015 by the Company and its subsidiaries.

Mr Wong Chin Yong, CEO of the Company, had disclosed to the AC and the Board that he owned 25% participating interest in a gold exploration and mining concession in the Kyrgyz Republic and recused himself from the deliberation and voting. The value of the acquisition by the Company through its subsidiary was about 1.5% of the Group's last audited net tangible assets and therefore rule 905(1) and 906(1) of the SGX-ST Listing Manual are not applicable to this transaction.

MATERIAL CONTRACTS (RULE 1207(8) OF THE SGX-ST LISTING MANUAL)

There were no material contracts entered into by the Company and its subsidiaries during the financial year 2015 which involved the interests of the CEO, any Director or controlling shareholder of the Company.

DEALINGS IN SECURITIES (RULE 1207(19) OF THE SGX-ST LISTING MANUAL)

In compliance with rule 1207(19) of the Listing Manual, the directors, officers and employees are advised not to deal in the Company's shares during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements. They are also expected to observe the insider trading laws and to avoid potential conflicts of interest at all times when dealing in securities. All officers of the Company have been advised not to deal in the securities of the Company on short-term considerations.

On behalf of the Board,

Wong Chin Yong
Managing Director & Chief Executive Officer

Ong Kah Hock
Director

7 April 2016



Directors' Statement

For The Financial Year Ended 31 December 2015

The directors present their statement to the members together with the audited consolidated financial statements of Innopac Holdings Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2015, and the balance sheet of the Company as at 31 December 2015 and statement of changes in equity of the Company for the year then ended.

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company with the notes thereon are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; 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.

1 DIRECTORS

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

Dato' Moehamad Izat Emir
Wong Chin Yong
Ong Kah Hock
Arslan Koichiev
Jeremy Dyer

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for the share options and share awards described in paragraph 5 in this Statement.



Directors' Statement

For The Financial Year Ended 31 December 2015

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act (the "Act") except as follows:

Name of director and corporation in which interest are held	Holdings at the beginning of the year	Holdings at the end of the year
<u>Dato' Moehamad Izat Emir</u>		
Company		
Innopac Holdings Limited		
interests held		
– ordinary shares	5,000,000	5,000,000
– share options	–	10,000,000
Subsidiary		
Awana Rentak Sdn Bhd		
interests held		
– ordinary shares of RM1 each	1*	1*
<u>Wong Chin Yong</u>		
Company		
Innopac Holdings Limited		
Interests held		
– ordinary shares	54,000,000	54,000,000
– warrants	18,000,000	19,500,000
– share options	–	50,000,000
<u>Ong Kah Hock</u>		
Company		
Innopac Holdings Limited		
Interests held		
– ordinary shares	7,509,000	7,509,000
– warrants	2,503,000	2,503,000
– share options	–	10,000,000
<u>Arslan Koichiev</u>		
Company		
Innopac Holdings Limited		
Interests held		
– share options	–	2,000,000



Directors' Statement

For The Financial Year Ended 31 December 2015

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

Name of director and corporation in which interest are held	Holdings at the beginning of the year	Holdings at the end of the year
<i>Jeremy Dyer</i>		
Company		
Innopac Holdings Limited		
Interests held		
– share options	–	2,000,000

* *held in trust for the Company*

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

4 DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in Note 15 and Note 39 to the financial statements, since the end of the previous financial year, no director of the Company or a related corporation has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member, or with a company in which a director has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the notes to the financial statements.

5 SHARE OPTIONS AND SHARE AWARDS SCHEMES

At an Extraordinary General Meeting held on 29 April 2005, the members of the Company approved the Innopac Share Option Scheme (the "IPSO") and Innopac Performance Share Scheme (the "PSS") (collectively, "the Schemes"). The Schemes, which are operative for ten years from 29 April 2005, are administered by the following directors who are members of the RC:

Dato' Moehamad Izat Emir (Chairman of Committee, Independent/Non-Executive)

Wong Chin Yong (Executive) (with effect from 27 June 2014)

Ong Kah Hock (Independent/Non-Executive)

On 23 January 2014, the Company granted 68,300,000 shares awards under the PSS. The market price of the Company's shares on the date of the grant was S\$0.024. These share awards have been cancelled on 8 April 2015.

On 28 April 2015, the Company granted a total of 95,000,000 share options at the exercise price of S\$0.008 to directors and staff under the IPSO. The market price of the Company's shares on the date of the grant was S\$0.008. Options granted to Group Directors and Group Executives have a life span of ten years (28 April 2015 to 27 April 2025), while those granted to Non-Executive Directors shall have a life span of five years (28 April 2015 to 27 April 2020). As at 31 December 2015, 1,500,000 of the share options had lapsed. None of the said options were exercised as at 31 December 2015. The following share options have been granted to the directors:-

Dato' Moehamad Izat Emir	10,000,000
Wong Chin Yong	50,000,000
Ong Kah Hock	10,000,000
Arslan Koichiev	2,000,000
Jeremy Dyer	2,000,000



Directors' Statement

For The Financial Year Ended 31 December 2015

5 SHARE OPTIONS AND SHARE AWARDS SCHEMES (continued)

On 28 April 2015, the Company granted 95,000,000 shares awards under the PSS. The market price of the Company's shares on the date of the grant was S\$0.008. As at 31 December 2015, 1,000,000 of the share awards had lapsed. None of the said share awards were allotted and issued as at 31 December 2015. The following share awards were granted to the directors:-

Dato' Moehamad Izat Emir	15,000,000
Wong Chin Yong	50,000,000
Ong Kah Hock	15,000,000
Arslan Koichiev	2,000,000
Jeremy Dyer	2,000,000

Under the PSS, fully paid shares of the Company may be awarded free of charge to group executives, group executive directors and non-executive directors. Awards are vested once the Board is satisfied that the prescribed performance target(s) have been achieved.

The number of shares that may be awarded and the selection of participant is at the discretion of the Board taking into account criteria such as the participant's rank, job performance, years of service, potential for future development, contribution to the success and development of the Group and the Company, and the extent of the effort required to achieve the performance target(s) within the performance period.

The total number of new shares which may be issued pursuant to awards granted under the PSS, when added to the number of new shares issued and issuable in respect of all options granted under the PSS shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of grant or award.

Holders of the shares shall undertake that they will not sell, realise, dispose of or transfer any part of their shareholdings for a period of three months from the date the shares are allotted and issued to them on the exercise of the options, or vest of the awards.

6 AUDIT COMMITTEE

At the date of this Statement, the Audit Committee ("AC") of the Company comprises three independent/non-executive directors:

Ong Kah Hock (Chairman of Committee, Independent/Non-Executive)

Dato' Moehamad Izat Emir (Independent/Non-Executive)

Mr Jeremy Dyer (Independent/Non-Executive)

The AC carried out its functions in accordance with Section 201B(5) of the Act, Cap. 50, the SGX-ST Listing Manual and the Code of Corporate Governance, including a review of the financial statements of the Group and of the Company for the financial year and the reports of the external and internal auditors thereon.

The AC has held five meetings during the year and has reviewed the following, where relevant, with the external and internal auditors of the Company:

- (a) the audit plans;
- (b) the scope and results of the internal control procedures;
- (c) evaluation of the system of internal controls;
- (d) the Group's financial and operating results and accounting policies;
- (e) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditors' report on those financial statements before their submission to the directors of the Company;



Directors' Statement

For The Financial Year Ended 31 December 2015

6 AUDIT COMMITTEE (continued)

- (f) the first quarter, half-yearly, third quarter and annual announcements on the results of the Group and financial position of the Group and Company, consolidated statement of cash flows and changes in equity of the Group and Company;
- (g) the co-operation and assistance given by the management to the external and internal auditors;
- (h) the appointment of the external and the internal auditors of the Company.

Based on the internal controls established and maintained by the Group, work performed by the external and internal auditors and Company staff, and reviews performed by management, Board Committees and the Board, with the concurrence of the Audit Committee, after carrying out a review, is of the opinion that the group's internal controls, addressing financial, operational, compliance, and information technology risks, were adequate and effective as at 31 December 2015.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The AC also recommends the appointment of the external and the internal auditors and reviews the level of audit and non-audit fees. The external and internal auditors have unrestricted access to the AC.

The external auditors have not provided any non-audit services to the Group. The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Moore Stephens LLP, be nominated for re-appointment as the external auditors at the forthcoming Annual General Meeting of the Company.

In appointing auditors for the Company and subsidiaries, the Group has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual.

7 INDEPENDENT AUDITORS

Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept reappointment as independent auditors.

On behalf of the directors,

WONG CHIN YONG

ONG KAH HOCK

Singapore
7 April 2016



Independent Auditors' Report

To The Members Of Innopac Holdings Limited

Report on the Financial Statements

- 1 We have audited the accompanying financial statements of Innopac Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 28 to 95, which comprise the balance sheets of the Group and the Company as at 31 December 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

- 2 Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

- 3 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.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- 6 Our auditors' report dated 8 April 2015 on the financial statements of the previous financial year ended 31 December 2014 contained a disclaimer of opinion in respect of the following matters:
 - a As at 31 December 2014, included in the Company's balance sheet was a cost of investment of S\$17,100,000 (Note 11) in a subsidiary, Extera Pte Ltd ("Extera") and included in the consolidated balance sheet was goodwill of S\$13,709,000 (Note 12) arising from the acquisition of Extera. Management prepared a discounted cash flow ("Forecasts") to determine the recoverable amount of the Company's cost of investment in Extera of S\$17,100,000 and the Group's goodwill of S\$13,709,000 and was of the view that no impairment was necessary.

We were unable to obtain sufficient information from management or obtain other forms of audit evidence concerning the reasonableness of the key assumptions made in the Forecasts. There were no practicable alternative audit procedures that we could carry out to ascertain the reasonableness of those key assumptions used in the Forecasts and to satisfy ourselves that no impairment loss was required for the Company's cost of investment in the subsidiary of S\$17,100,000 (Note 11) included in the Company's balance sheet and the Group's goodwill of S\$13,709,000 (Note 12) included in the consolidated balance sheet as at 31 December 2014.



Independent Auditors' Report

To The Members Of Innopac Holdings Limited

Basis for Qualified Opinion (continued)

- b As disclosed in Note 21 to the financial statements, the Company and the Group had a net trade receivables of S\$30,855,000 as at 31 December 2014 (Note 21) arising from the sale of certain marketable securities of which the counterparty had provided collaterals as part of the sale and purchase agreement. As at 31 December 2014, the Company and the Group made an impairment loss of S\$26,653,000. Management was of the opinion that no further impairment was required.

We were unable to obtain sufficient appropriate audit evidence regarding the reasonableness of the assumptions used to estimate the impairment loss of S\$26,653,000 made in the consolidated statement of comprehensive income, nor were we able to carry out normal audit procedures to satisfy ourselves as to the appropriateness of the net trade receivable of S\$30,855,000 (Note 21) in the balance sheets of the Company and the Group as at 31 December 2014.

- 7 As disclosed in Notes 11 and 12 to the financial statements, the Company and the Group have made an allowance for impairment loss of S\$13,739,000 and S\$13,709,000 to impair the Company's cost of investment in the subsidiary, Extera and the Group's goodwill, respectively for the financial year ended 31 December 2015. Accordingly, the matters referred to in paragraph 6(a) are considered resolved in the current financial year ended 31 December 2015.
- 8 As disclosed in Note 21 to the financial statements, management estimated the value of the trade receivables as at 31 December 2015 based on the market value of the pledged shares and provided a further allowance of impairment of S\$29,524,000 (2014: S\$26,653,000), resulting in a total allowance of impairment of S\$56,177,000 which represented the uncollateralised portion of the trade receivables. The matters referred to in paragraph 6(b) are considered resolved in the current financial year ended 31 December 2015.
- 9 Our opinion on the current year's financial statements is modified for the possible effects of the matters referred to in paragraph 6 on the comparability of the current year's figures and the corresponding figures.

Qualified Opinion

- 10 In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs 6 to 9, the consolidated financial statements of the Group and the balance sheet of the Company, are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Moore Stephens LLP

Public Accountants and
Chartered Accountants

Singapore
7 April 2016



Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 December 2015

		Group	
	Note	2015	2014
		S\$'000	S\$'000
Continuing Operations			
Revenue	4	817	339
Cost of sales		(841)	(723)
Gross (loss)		(24)	(384)
Other operating (expenses)/income			
– Net losses from investment trading activities	5	(1,408)	(9,966)
– Net losses from derivative instruments and other assets/liabilities	5	(1,237)	(2,365)
– Net gain on derivative receivables	5	–	36,906
Other income	5	89	64
Administrative expenses		(2,449)	(1,605)
Other expenses		(30,869)	(28,369)
Finance income		219	–
Finance costs		(5)	(5)
Loss before tax	6	(35,684)	(5,724)
Tax (expenses)/credit	7	(13)	40
Loss for the financial year		(35,697)	(5,684)
Discontinued Operations			
Loss for the year from discontinued operations	8	(13,465)	(107)
Total (loss) for the year		(49,162)	(5,791)
Other comprehensive (loss)/income, net of tax	9		
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(1,419)	67
Total comprehensive loss for the financial year		(50,581)	(5,724)
Loss attributable to:			
Owners of the Company		(48,984)	(5,405)
Non-controlling interests		(178)	(386)
		(49,162)	(5,791)
Total comprehensive loss attributable to:			
Owners of the Company		(50,403)	(5,338)
Non-controlling interests		(178)	(386)
		(50,581)	(5,724)
Loss per share (from continuing and discontinued operations)		Cents	Cents
Basic	10	(1.12)	(0.16)
Diluted	10	(1.12)	(0.16)
Loss per share (from continuing operations)			
Basic	10	(0.81)	(0.16)
Diluted	10	(0.81)	(0.16)

The accompanying notes form an integral part of the financial statements

Balance Sheets

As At 31 December 2015

	Note	Group 2015 S\$'000	2014 S\$'000	Company 2015 S\$'000	2014 S\$'000
ASSETS					
Non-Current Assets					
Subsidiaries	11	–	–	10,765	24,504
Goodwill	12	–	13,709	–	–
Property, plant and equipment	13	64	144	31	32
Investment properties	14	9,540	11,803	–	–
Investments in joint venture	15	707	–	–	–
Available-for-sale investments	16	6,142	6,142	6,142	6,142
		16,453	31,798	16,938	30,678
Current Assets					
Inventories	17	–	9	–	–
Derivative receivables and other assets	18	–	10	–	2
Investments held for trading	19	308	7,066	111	6,330
Investment in fixed income instruments	20	5,213	–	5,213	–
Trade receivables	21	1,332	30,856	1,331	30,855
Other receivables and prepayments	22	3,720	743	3,051	1,726
Cash and cash equivalents	23	2,578	5,164	954	3,148
		13,151	43,848	10,660	42,061
Assets classified as held for sale	24	–	5,112	–	–
		13,151	48,960	10,660	42,061
TOTAL ASSETS		29,604	80,758	27,598	72,739
LIABILITIES AND EQUITY					
Non-Current Liabilities					
Finance lease liabilities	25	–	21	–	–
Deferred tax liabilities	26	376	428	–	–
		376	449	–	–
Current Liabilities					
Trade and other payables	27	13,494	2,889	8,138	8,365
Derivative payables and other liabilities	28	–	9,491	–	–
Provision for directors' fees	29	211	196	211	196
Finance lease liabilities	25	21	51	–	–
		13,726	12,627	8,349	8,561
Liabilities directly associated with assets classified as held for sale	24	–	2,685	–	–
		13,726	15,312	8,349	8,561
Equity and Reserves					
Share capital	31	121,571	121,571	121,571	121,571
Asset revaluation reserve	32	3,099	3,046	–	–
Share awards reserve	33	678	–	678	–
Share options reserve	34	958	546	958	546
Foreign currency translation reserve	35	(571)	848	–	–
Accumulated losses		(110,806)	(61,765)	(103,958)	(57,939)
Equity attributable to owners of the Company		14,929	64,246	19,249	64,178
Non-controlling interests		573	751	–	–
Total equity		15,502	64,997	19,249	64,178
TOTAL LIABILITIES AND EQUITY		29,604	80,758	27,598	72,739

The accompanying notes form an integral part of the financial statements



Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2015

	Note	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Share awards reserve	Share options reserve	Foreign currency translation reserve	Accumulated losses	Asset revaluation reserve	Equity attributable to owners of the Company		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group										
Balance as at 1 January 2015		121,571	–	546	848	(61,765)	3,046	64,246	751	64,997
Loss for the financial year		–	–	–	–	(48,984)	–	(48,984)	(178)	(49,162)
Other comprehensive loss:										
Exchange differences on translation of foreign operations		–	–	–	(1,419)	–	–	(1,419)	–	(1,419)
Total other comprehensive loss for the financial year, net of tax		–	–	–	(1,419)	–	–	(1,419)	–	(1,419)
Total comprehensive loss for the financial year		–	–	–	(1,419)	(48,984)	–	(50,403)	(178)	(50,581)
Reclassification of reserves		–	–	–	–	(57)	53	(4)	–	(4)
Grant of share awards	33	–	678	–	–	–	–	678	–	678
Grant of share options	34	–	–	412	–	–	–	412	–	412
Balance as at 31 December 2015		121,571	678	958	(571)	(110,806)	3,099	14,929	573	15,502



Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2015

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Share options reserve	Foreign currency translation reserve	Accumulated losses	Asset revaluation reserve	Equity attributable to owners of the Company		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group									
Balance as at 1 January 2014		112,588	546	781	(56,360)	3,046	60,601	1,137	61,738
Loss for the financial year		–	–	–	(5,405)	–	(5,405)	(386)	(5,791)
Other comprehensive income:									
Exchange differences on translation of foreign operations		–	–	67	–	–	67	–	67
Total other comprehensive income for the financial year, net of tax		–	–	67	–	–	67	–	67
Total comprehensive income/(loss) for the financial year		–	–	67	(5,405)	–	(5,338)	(386)	(5,724)
Contributions by owners:									
Proceeds from issuance of placement shares	31	9,316	–	–	–	–	9,316	–	9,316
Share issue expenses	31	(333)	–	–	–	–	(333)	–	(333)
Balance as at 31 December 2014		121,571	546	848	(61,765)	3,046	64,246	751	64,997



Statement of Changes in Equity

For The Financial Year Ended 31 December 2015

	Note	Share capital	Share awards reserve	Share options reserve	Accumulated losses	Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company						
Balance as at 1 January 2015		121,571	–	546	(57,939)	64,178
Loss for the financial year		–	–	–	(46,019)	(46,019)
Other comprehensive loss for the financial year		–	–	–	–	–
Total comprehensive loss for the financial year		–	–	–	(46,019)	(46,019)
Grant of share awards	33	–	678	–	–	678
Grant of share options	34	–	–	412	–	412
Balance as at 31 December 2015		121,571	678	958	(103,958)	19,249
Balance as at 1 January 2014		112,588	–	546	(61,771)	51,363
Profit for the financial year		–	–	–	3,832	3,832
Other comprehensive income for the financial year		–	–	–	–	–
Total comprehensive income for the financial year		–	–	–	3,832	3,832
Contributions by owners						
Proceeds from issuance of placement shares	31	9,316	–	–	–	9,316
Share issue expenses	31	(333)	–	–	–	(333)
Balance as at 31 December 2014		121,571	–	546	(57,939)	64,178

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2015

	Group	
	2015	2014
	S\$'000	S\$'000
Cash Flows from Operating Activities		
Loss for the year	(49,162)	(5,791)
Adjustments for:		
Tax expense/(credit) recognised in profit or loss	13	(40)
Fair value (gain)/loss on investment properties	(43)	442
(Write back)/impairment of property, plant and equipment	(12)	22
Provision for unutilised leave	46	52
Net losses from derivative instruments and other assets/liabilities	1,237	2,365
Net gain on derivative receivables	–	(36,906)
Net losses from investments held for trading	1,408	9,966
Impairment of trade receivables	29,524	26,653
Impairment of goodwill	13,709	–
Write off of property, plant and equipment	2	15
Write off of inventories	7	2
Loss on disposal of property, plant and equipment	10	4
Depreciation of property, plant and equipment	82	271
Write off of other debtor, deposit & prepayment	–	213
Write back of losses on assets classified as held for sale	(244)	–
Directors' fees	125	109
Net unrealised foreign exchange loss	617	56
Trade and other creditors written back	(3)	–
Share awards	678	–
Share options	412	–
Finance income	(219)	–
Finance costs	5	5
Operating cash outflows before working capital changes	(1,808)	(2,562)
Investments held for trading	5,350	(4,554)
Inventories	–	(69)
Investment in fixed income instruments	(5,000)	–
Trade and other receivables and prepayments	(854)	(435)
Derivative payables and other liabilities	–	228
Trade and other payables	(162)	425
Provision for directors' fees	(110)	–
Cash used in operations	(2,584)	(6,967)
Interest paid	(5)	(5)
Tax paid	(2)	–
Net cash used in operating activities	(2,591)	(6,972)

The accompanying notes form an integral part of the financial statements



Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2015

	Group	
	2015	2014
	S\$'000	S\$'000
Cash Flows from Investing Activities:		
Interest received	6	–
Purchase of property, plant and equipment	(3)	(74)
Proceeds from disposal of property, plant and equipment	2	2
Investment in joint venture	(707)	–
Proceeds from sale of investment properties	758	525
Net cash generated from investing activities	56	453
Cash Flows from Financing Activities:		
Repayment of finance lease	(51)	(51)
Net proceeds from rights issuance	–	8,983
Net cash (used in)/generated from financing activities	(51)	8,932
Net (decrease)/increase in cash and cash equivalents	(2,586)	2,413
Cash and cash equivalents at the beginning of the financial year	5,164	2,751
Cash and cash equivalents at the end of the financial year (Note 23)	2,578	5,164



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

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

1 GENERAL

Innopac Holdings Limited (the “Company”) is a public limited liability company incorporated and domiciled in Singapore with its principal place of business and registered office at 190 Middle Road #19-07 Fortune Centre Singapore 188979. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the Company are those of investment, investment holding and provision of management services to related companies. The principal activities of its subsidiaries are stated in Note 11 to the financial statements.

The financial statements for the financial year ended 31 December 2015 were authorised for issue by the Board of Directors on the date of the Directors’ Statement.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (“FRS”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are presented in Singapore Dollar, which is the functional currency of the Company. All values presented are rounded to the nearest thousand (“S\$’000”) unless otherwise stated.

(i) Adoption of New/Revised FRS

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

Amendments to FRS 24 *Related Party Disclosures*

This amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendments require the amounts incurred by an entity for such services to be included in the related party disclosures. However, this amount need not be split into components required for other key management personnel compensation (e.g. short-term employee benefits, post-employment benefits, etc.).

As this is a disclosure standard, it has no impact on the financial position or the financial performance of the Group.

Amendment to FRS 103 *Business Combinations* (Scope of exception for joint ventures)

The amendment clarifies that the formation of all types of joint arrangements (and not just joint ventures) are outside the scope of FRS 103. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The adoption of this standard did not have any material impact on the accounting policies of the Group.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

(i) Adoption of New/Revised FRS (Continued)

Amendment to FRS108 *Operating Segments*

The amendment requires the disclosure of judgements made by management in deciding whether to combine operating segments for segment reporting purposes, including the economic indicators (e.g. gross margins) that have been assessed in determining whether the aggregated operating segments have similar economic characteristics.

The reconciliation of the total reportable segments' assets to the entity's total assets is required to be disclosed only if segment assets are reported regularly to the chief operating decision maker.

As this is a disclosure standard, the adoption of this standard did not have an impact on the financial performance or the financial position of the Group.

Amendment to FRS 113 *Fair Value Measurement*

The amendment clarifies that the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with FRS 39. These contracts need not meet the definitions of financial assets or financial liabilities in FRS 32.

The adoption of this standard did not have significant impact to the Group's financial performance or financial position.

Amendment to FRS 102 *Share-based Payment*

Currently, FRS 102 describes the concept of 'performance condition' and 'service condition' within the definition of 'vesting conditions'. These amendments clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

The adoption of this standard did not have any material impact on the financial performance or financial position of the Group and Company.

(ii) New/Revised FRS issued but not yet effective

The Group and the Company have not adopted the following standards that have been issued but are not yet effective:

Description		Effective for annual periods beginning on or after
Amendments to FRS 1	<i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 27	<i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 107	<i>Financial Instruments: Disclosures</i>	1 January 2016
Amendments to FRS 111	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 7	<i>Statement of Cash Flows</i>	1 January 2017
FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109	<i>Financial Instruments</i>	1 January 2018



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

(ii) New/Revised FRS issued but not yet effective (Continued)

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

Amendments to FRS 1 *Disclosure Initiative*

The amendments provide clarification on various aspects of financial statements presentation. Key clarifications relate to the interpretation of materiality requirements in FRS, extent of aggregation and disaggregation of financial information presented in the primary financial statements, presentation of sub-totals, and ordering of notes to the financial statements.

The amendments also clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will be subsequently be reclassified to profit or loss. The amendment is effective for annual periods beginning on or after 1 January 2016.

Amendments to FRS 27 *Equity Method in Separate Financial Statements*

The amendments to FRS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with FRS 39 or FRS 109), which currently exists and will continue to be available. The amendment is effective for annual periods beginning on or after 1 January 2016.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendment clarifies whether a servicing contract is considered to be "continuing involvement" in a transferred asset for the purpose of determining whether the disclosures in FRS 107.42A-42H are required. The disclosures need to be made if the servicing contract results in the transferor retaining an interest in the future performance of the transferred financial asset. The amendment is effective for annual periods beginning on or after 1 January 2016.

Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*

These amendments address the accounting for interests in joint ventures and joint operations, which provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. It applies to the acquisition of the initial interest as well as any additional interests in a joint operation.

A joint operator is also required to disclose the relevant information required by FRS 103 and other standards for business combinations. If an entity acquires an additional interest in a joint operation, previously held interests are not re-measured. The amendment is effective for annual periods beginning on or after 1 January 2016.

Amendment to FRS 7 *Statement of Cash Flows*

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchange rates;
- changes in fair values; and
- other changes.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation (Continued)

(ii) *New/Revised FRS issued but not yet effective (Continued)*

Amendment to FRS 7 Statement of Cash Flows (Continued)

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early application is permitted. Comparative information for earlier periods is not required.

The Group is of the view that the amendment will not have any impact on the financial performance of the Group or the financial positions of the Group and of the Company on initial application.

FRS 115 Revenue from Contracts with Customers

FRS 115 *Revenue from Contracts with Customers* sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments).

FRS 115 replaces the previous revenue standards, FRS 18 Revenue and FRS 11 *Construction Contracts*, and the related interpretations on revenue recognition, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers*, and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied. Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

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

FRS 109 Financial Instruments

FRS 109 was introduced to replace FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies.

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

Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity: (i) when they have power over the entity, and (ii) when they are exposed to, or have rights to, variable returns from its involvement with the entity, and (iii) when they have the ability to use their power to affect those returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation (Continued)

(i) Subsidiaries (Continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Change in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Joint Arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group reassesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change.

(c) Investment in Subsidiaries

Investment in subsidiaries are carried at cost less accumulated impairment losses in the balance sheet of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in the profit or loss.

(d) Investment in Joint Venture

Investment in joint venture is carried at cost less accumulated impairment losses in the balance sheet of the Company. On disposal of investment in joint venture, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in the profit or loss.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investment in Joint Venture (Continued)

The Group recognizes its interest in a joint venture as an investment and accounts for the investment using the equity method.

The accounting policies of the joint venture are adjusted when necessary to ensure consistency with those of the Group, from the date that significant influence or joint control commences.

Under the equity method, the investment is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint venture. The Group's investment in joint venture includes goodwill identified on acquisition.

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

When the Group disposes of only part of its investment in joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

An interest in joint venture is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. An interest in joint venture 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 an impact on the recoverable amount of the asset. The assessment of impairment loss will be carried out in accordance with Note 2(g).

(e) Property, Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Plant and equipment	10% to 20% per annum
Furniture and fittings	10% to 33% per annum
Other assets	10% to 100% per annum

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investment Properties

An investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is stated at fair value determined annually by independent professional valuers on the highest-and-best use basis, with any change therein recognised in profit or loss for the period in which they arise.

The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to the profit or loss. The costs of maintenance, repairs and minor improvement are charged to the profit or loss when incurred.

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

(g) Impairment of Non-Financial Assets

At the end of each financial year, the Group and the Company review the carrying amounts of its non-financial assets to determine whether there is any indication or objective evidence that those assets have suffered an impairment loss. If any such indication or objective evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's and the Company's statements of financial position when the Group and the Company become a party to the contractual provisions of the instrument.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (*Continued*)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale investments and loans and receivables. The classification depends on the nature and purpose of these financial assets and is determined at the time of initial recognition. The Group and Company do not have any held-to-maturity investments.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held for trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group's and the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, where applicable, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Loans and receivables are classified within trade receivables, other receivables and cash and cash equivalents on the Group's and the Company's balance sheets.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Available-for-sale investments

Certain financial assets held by the Group and the Company are classified as available-for-sale investments if they are not classified in any of the other categories. Available-for-sale investments are stated at fair value, with any resultant gain or loss recognised in other comprehensive income, and accumulated in the fair value reserve, together with the related currency translation differences, with the exception of impairment losses. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Available-for-sale investments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment losses directly with the exception of trade receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

In respect of available-for-sale investments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

De-recognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group and the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (*Continued*)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all their liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

An entity shall recognise a financial liability on its balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

De-recognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative receivables/payables and other assets/liabilities

All derivative receivables and other assets are recognised at fair value on the balance sheet and classified as derivative receivables when their fair value is favourable and as derivative payables when their fair value is unfavourable.

The Group enters into derivative transactions for trading purposes and the realised and unrealised gains and losses are recognised in profit or loss.

(i) Goodwill

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

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's CGU that are expected to benefit from the synergies of the combination. The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss in the consolidated statement of comprehensive income. The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. Impairment losses recognised for goodwill are not reversed in subsequent years.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Goodwill (Continued)

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

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance is made for damaged, obsolete or slow-moving inventories.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits with banks and other financial institutions which are subject to insignificant risk of changes in value.

(l) Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of a past event, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Share-Based Payments

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. For transactions with parties other than employees, there is a rebuttable presumption that the fair value of the goods or services received can be estimated reliably. That fair value is measured at the date the entity obtains the goods or the counterparty renders service. In rare cases, if the presumption is rebutted, the transaction is measured by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

For equity-settled share-based payments to employees and directors, the Group measures the fair value of the equity instruments granted, because it is not possible to estimate reliably the fair value of services received from employees and directors. The Group measures the fair value of its equity instruments granted to be based on market prices and to take into account the terms and conditions upon which those equity instruments were granted.

The fair value determined at the grant date of the equity-settled share-based payments to employees and directors is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group and the Company revise the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled employee benefits reserve. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(o) Warrants

Proceeds from the issuance of warrants, net of issue costs, are recognised in equity.

(p) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of investments held for trading

Revenue from sale of investments held for trading is recognised upon confirmation of the contract.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the rendering of telecommunication services is recognised when the services are rendered.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's and the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement plans.

The Group and the Company are required to contribute a specified percentage of payroll costs to the retirement benefit plans, the Central Provident Fund Board and the Employees Provident Fund, operated by the Government of Singapore and Malaysia respectively, to fund the benefits. The only obligation of the Group and the Company with respect to the retirement benefit plan is to make the specified contributions. The Group and Company's obligations end when the employee ceases to be under the employment of the Group and Company.

(r) Employee Leave Entitlement

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

(s) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

The Group's and the Company's liabilities for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated: (i) at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of financial year; and (ii) based on the tax consequence that will follow from the manner in which the Group expects at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment properties measured at fair value is presumed to be recovered entirely through sale.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income Tax (*Continued*)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(t) Foreign Currency Transactions and Translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of transactions. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(u) Borrowing Costs

Interest expense and similar charges are expensed in profit or loss in the financial year in which they are incurred. The interest component of finance lease payments is recognised in profit or loss at the applicable effective interest rate.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive officers and the chief executive officer who make strategic decisions.

(w) Non-current Assets Held For Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost of disposal.

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and;

- i. represents a separate major line of business or geographical area of operations; or
- ii. is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- iii. is a subsidiary acquired exclusively with a view to resale.

When a component of an entity qualifies as a discontinued operation, the comparative statement of comprehensive income is retrospectively restated to segregate the results of all operations that have been discontinued by the end of the latest reporting period.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, management made judgments, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

(a) Critical Judgements made in Applying the Accounting Policies

The following are the critical judgements, apart from those involving estimations that management has made in the process of applying the Group's and the Company's accounting policies and that have significant effects on the amounts recognised in the financial statements.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Critical Judgements made in Applying the Accounting Policies (*Continued*)

(i) Allowance for impairment of trade and other receivables

The policy for impairment of debts of the Group and the Company are based on the aging analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past payment history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group and the Company's trade and other receivables as at 31 December 2015 were S\$4,962,000 (2014: S\$31,507,000) and S\$4,339,000 (2014: S\$32,536,000) respectively. The related impairment allowance is disclosed in Notes 21 and 22.

(ii) Investments in joint ventures

As disclosed in Note 15, the Group entered into contractual arrangements to form joint venture. Based on the contractual arrangements between the Group and other investors, the arrangements provide joint control to the Group and other investors, and that any decision about the relevant activities requires unanimous consent of the parties sharing control. Therefore, management has concluded that the investments in Malaysian Microalgae Enterprise Sdn Bhd and the unincorporated joint venture ("UJV") in the Kyrgyz Republic are joint ventures (Note 15).

Management has assessed that the joint arrangements are classified as joint venture as the joint arrangement provides the Group with rights to the net assets of the arrangement.

(b) Key Sources of Estimation Uncertainty

(i) Impairment of investments in subsidiaries

The management follows the guidance of FRS 36 *Impairment of Assets* in determining whether investments in subsidiaries are impaired, which requires the assumption made regarding the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

During the financial year, the Company made an allowance for impairment of S\$13,739,000 (2014: Nil) for its investments in subsidiaries and the Company's carrying amount of investments in subsidiaries as at 31 December 2015 was S\$10,765,000 (2014: S\$24,504,000) (Note 11).



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(ii) Impairment of goodwill

The Group performs impairment test on goodwill on an annual basis, in accordance with the accounting policy stated in Note 2(i). The recoverable amount of the cash-generating units are determined from value in use calculations. As at 31 December 2015, there is an impairment loss of S\$13,709,000 recognised in the financial statements and the carrying amount of goodwill as at 31 December 2015 is nil (2014: S\$13,709,000) (Note 12).

(iii) Impairment of available-for-sale investments

Available-for-sale investments are measured in accordance with the accounting policy as set out in Note 2(h) to the financial statements.

Available-for-sale investments represents the Group's and the Company's interests in the net proceeds of 60 finished lots of land situated at Sawyers Falls, Pierce County, Washington State, USA and the Group's equity interest in Grand Prosper Group Limited ("Grand Prosper") and Trackplus Sdn Bhd ("Trackplus").

Net proceeds of 60 finished lots of land situated at Sawyers Falls, Pierce County, Washington State, USA

The Group and the Company have used the "lot/home value ratio method" valuation for the 60 finished lots of land in Sawyer Falls carried out by an independent valuer on 8 June 2015. The valuation compares the average lot values as a percentage of the average home value. The valuation conforms to International Valuation Standards. During the financial year ended 31 December 2015, by using recent sales transaction records of adjacent finished land lots situated at Sawyers Falls, the Group and the Company have considered and determined that the estimated fair value approximates its carrying amount of S\$4,600,000 as at 31 December 2015 (2014: S\$4,600,000).

If the fair value for the Group's interest in the 60 finished lots of land decreases by 5%, the effects on other comprehensive income would be approximately S\$230,000 (2014: S\$230,000).

Investment in Grand Prosper and in Trackplus

As disclosed in Note 16, the Group's and the Company's investment in Grand Prosper has been fully impaired since prior years.

The Group and the Company own 35% equity interest in Trackplus as disclosed in Note 16. Although the Company acquired and holds more than a 20% ownership interest in Trackplus, this investment has been classified as an available-for-sale investment instead of investment in associate as the Company has no power to exercise significant influence in its financial and operating policy decisions as defined in FRS 28 Investments in Associates.

Trackplus is a special purpose vehicle company and its only significant asset is a piece of land at Shah Alam, Selangor, Malaysia. On 4 December 2015, Trackplus entered into a joint venture agreement with a developer in Malaysia to carry out residential and commercial development on the land (Note 16).



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(iii) Impairment of available-for-sale investments (Continued)

Investment in Grand Prosper and in Trackplus (Continued)

The land's fair value is approximately S\$5,699,000 [equivalent to RM 17,300,000] (2014: S\$6,541,000 [equivalent to RM 17,300,000]). The valuation of the land was carried out by an independent registered valuer based on the available records on recent transactions of comparable properties in the locality. The carrying amount of the Company's investment in Trackplus was S\$1,542,000 as at the end of December 2015 (2014: S\$1,542,000). There will be no impact (2014: Nil) on the loss before income tax if the fair value for the land changes by 5% as the carrying value of Trackplus is lower than the Company's share of the fair value of the land.

(iv) Valuation of investment properties

The valuation of the Tanjong Malim Land in Malaysia was carried out by an independent registered valuer. The valuation report issued by the independent valuer dated 12 February 2016 confirms that the land's market value as at 31 December 2015 was approximately S\$7,247,000 (2014: S\$8,318,000 [equivalent to RM22,000,000 for both years]). The Comparison Method of valuation is used which compares the value of a property by comparing it to the prices of like-kind properties sold in similar locations within a recent period of time. The fair value of the investment property is further discussed in Note 14.

If the fair value for the Group's interest in the Tanjong Malim land falls by 5%, the effects on loss before income tax would increase by S\$362,000 (2014: S\$416,000).

(v) Valuation of share options

The Group measures the cost of equity-settled transactions with employees with reference to the fair value of the share options at the date at which the options are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about these inputs. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

4 REVENUE

	Group	
	2015	2014
	S\$'000	S\$'000
<u>Continuing operations</u>		
Sale of investments held for trading	815	336
Sale of goods	2	3
	817	339

5 OTHER OPERATING (EXPENSES)/INCOME

	Group	
	2015	2014
	S\$'000	S\$'000
<u>Continuing operations</u>		
Net losses from investment trading activities (Note 19)	(1,408)	(9,966)
Net losses from derivative instruments and other assets/liabilities	(1,237)	(2,365)
Net gain on derivative receivables	–	36,906
Other income	89	64
	(2,556)	24,639



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

6 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting) the following:

	Group	
	2015	2014
	S\$'000	S\$'000
<u>Continuing operations</u>		
<u>Cost of sales</u>		
Cost of inventories recognised as cost of sales	1	3
Cost of marketable securities sold	840	720
<u>Administrative expenses</u>		
Directors' remuneration other than fees:		
– Directors of the Company	511	531
– Directors of the subsidiary	–	19
Directors' fees	125	109
Audit fees		
– Auditors of the Company	137	142
– Other auditors	11	16
Employee benefit expense (excluding directors' remuneration)	531	731
Costs of defined contribution plans included in staff costs:		
– Directors	7	8
– Other employees	48	62
Share awards	678	–
Share options	412	–
<u>Other expenses</u>		
Depreciation of property, plant and equipment	82	271
Loss on disposal of property, plant and equipment	10	4
(Write back)/Impairment loss of property, plant and equipment	(12)	22
Fair value (gain)/loss on investment properties	(43)	442
Write off of other debtor, deposits and prepayments	–	213
Write off of inventories	7	2
Write off of property, plant and equipment	2	15
Professional fees	74	62
Rental expense — operating leases	133	162
Rental expense — land	9	10
Transportation and travel	98	150
Trade and other creditors written back	(3)	–
Impairment loss of trade receivables	29,524	26,653



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

6 LOSS BEFORE TAX (Continued)

	Group	
	2015	2014
	S\$'000	S\$'000
Continuing operations		
Finance income		
Interest income from investment in fixed income instruments (Note 20)	213	–
Other finance income	6	–

7 TAX (EXPENSES)/CREDIT

	Group	
	2015	2014
	S\$'000	S\$'000
Current tax — under provision from prior year	(2)	–
Deferred tax — (transferred to)/reversed from deferred tax liabilities (Note 26)	(11)	40
Tax (expense)/credit relating to continuing operations	(13)	40

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2014: 17%) to loss before income tax as a result of the following differences:

	Group	
	2015	2014
	S\$'000	S\$'000
Loss before tax from continuing operations	35,684	5,724
Tax expense calculated at 17% (2014: 17%)	6,066	973
Effect of:		
Expenses not deductible for tax purpose	(2,841)	(169)
Tax effect of (loss)/gains of investments held for trading and derivative instruments	(239)	4,176
Effect of different tax rates of subsidiaries operating in other jurisdictions	36	98
Movement in unrecognised deferred tax assets	(3,033)	(5,038)
Under provision of prior year tax	(2)	–



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

7 TAX (EXPENSES)/CREDIT (Continued)

As at 31 December 2015, the Group has unutilised tax losses amounting to approximately S\$108,554,000 (2014: S\$90,720,000) and unutilised capital allowances amounting to approximately S\$1,393,000 (2014: S\$1,386,000) available for offset against future profits subject to approval by the relevant tax authorities. The deferred tax benefit relating to these unutilised tax losses and unutilised capital allowances of approximately S\$18,691,000 (2014: S\$15,658,000) has not been recognised in the financial statements as the Group cannot be certain that there will be taxable profit in the future to utilise this tax benefit. The tax losses may be carried indefinitely subject to the conditions imposed by the relevant tax regulations.

8 DISCONTINUED OPERATIONS

As at 31 December 2014, the Group's assets and liabilities related to the CNG station were presented in the balance sheet as Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale (Note 24).

During the current financial year, the Group decided to exit the CNG refilling station business in the People's Republic of China ("PRC") as discussed in Notes 11 and 12. Accordingly, the results of the business are presented separately on profit or loss as Loss for the year from discontinued operations as follow:

Loss for the Year from Discontinued Operations

	Group	
	2015	2014
	S\$'000	S\$'000
Revenue	–	486
Cost of sales*	–	(593)
Loss before tax	–	(107)
Income tax expense	–	–
Loss for the year	–	(107)
Write back of losses on assets classified as held for sale (Note 24 (ii))	244	–
Impairment of goodwill	(13,709)	–
	(13,465)	–
Loss for the year from discontinued operations (attributable to owners of the Company)	(13,465)	(107)
Net cash outflows from operating activities	–	(107)
Net cash inflows from investing activities	–	–
Net cash inflows from financing activities	–	–
Net cash inflows	–	(107)

* Cost of inventories recognised as cost of sales in discontinued operations was S\$381,000.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

9 OTHER COMPREHENSIVE (LOSS)/INCOME

	Group					
	2015			2014		
	Before tax amount S\$'000	Tax expense S\$'000	Net of tax amount S\$'000	Before tax amount S\$'000	Tax expense S\$'000	Net of tax amount S\$'000
Exchange differences on translation of foreign operations	(1,419)	—	(1,419)	89	(22)	67

10 LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

Basic loss per share is calculated as follows:

	Group	
	2015	2014
<u>Loss</u>		
from continuing operations	(S\$35,697,000)	(S\$5,684,000)
from discontinued operations	(S\$13,465,000)	(S\$107,000)
Loss from continuing operations and discontinued operations	(S\$49,162,000)	(S\$5,791,000)
Weighted average number of ordinary shares	4,396,750,145	3,595,346,742
<u>Basic loss per share</u>		
from continuing operations	(0.81) cents	(0.16) cents
from discontinued operations	(0.31) cents	(0.00) cents
Total basic loss per share	(1.12) cents	(0.16) cents

Diluted loss per share is calculated based on the weighted average number of ordinary shares adjusted for the effects of all dilutive potential ordinary shares. Shares awards of 94,000,000 were granted but not vested at the end of the year 2015 (2014: 68,300,000), share options of 93,500,000 granted but not exercised at the end of the year 2015 (2014: nil) and 465,783,822 warrants in issue at the end of the year 2015 (2014: 465,783,822) were excluded from the calculation of the diluted weighted average number of ordinary shares, as their effects are anti-dilutive.

Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

11 SUBSIDIARIES

	Company	
	2015	2014
	S\$'000	S\$'000
Unquoted equity shares	27,851	27,866
Less: Allowance for impairment	(17,086)	(3,362)
	10,765	24,504

Movement in unquoted equity shares:

	2015	2014
	S\$'000	S\$'000
Balance as at 1 January	27,866	27,866
Voluntary winding up of a subsidiary	(15)	–
Balance as at 31 December	27,851	27,866

Movement in allowance for impairment are as follows:

	2015	2014
	S\$'000	S\$'000
Balance as at 1 January	(3,362)	(3,362)
Impairment loss	(13,739)	–
Reversal of impairment loss of subsidiary wound up	15	–
Balance as at 31 December	(17,086)	(3,362)

The Company provided full allowance for impairment on its investments in subsidiaries, namely Jadenworth Holdings Pte Ltd, PG Communications Pte Ltd, Shakey's Holdings Pte Ltd, Wang Da Investments Limited and Inno-Pacific Realty Sdn Bhd in prior years. Shakey's Holdings Pte Ltd has been dormant while Jadenworth Holdings Pte Ltd, PG Communications Pte Ltd, Wang Da Investments Limited and Inno-Pacific Realty Sdn Bhd had been making recurring losses.

The Company provided an allowance for impairment of S\$13,739,000 (2014: nil) to write down its investment in Extera Pte Ltd ("Extera") to its recoverable amount pursuant to the Company's decision to exit the CNG refilling station business in the PRC (Note 12). The recoverable amount of the investment in Extera has been determined based on management's estimation of the fair value of the subsidiary's net assets as at the financial year end. The measurement was categorised as a Level 3 fair value, as defined in Note 40(d) to the financial statements.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

11 SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows:

Name of Subsidiary/ country of incorporation	Principal activities	Group's effective equity interest	
		2015	2014
<i>Held by the Company</i>		%	%
Awana Rentak Sdn Bhd ^(a) ("ARSB") Malaysia	Investment holding	100.0	100.0
Enigma Venture (M) Sdn Bhd ^(a) Malaysia	Investment holding	100.0	100.0
Heritage Investment Corporation ^(b) British Virgin Islands	Investment holding and investment trading	100.0	100.0
Golden Eagle Mining Pte Ltd Singapore	Investment holding	100.0	100.0
Inno-Pacific Realty Sdn Bhd ^(a) Malaysia	Investment property holding	100.0	100.0
Jadensworth Holdings Pte Ltd Singapore	Investment holding and investment trading	100.0	100.0
PG Communications Pte Ltd Singapore	Telecommunication service provider	100.0	100.0
Shakey's Holdings Pte Ltd ^(c) Singapore	Dormant	88.9	88.9
Wang Da Investments Limited ^(b) British Virgin Islands	Investment holding and investment trading	100.0	100.0
Extera Pte Ltd Singapore	Energy and fuel distribution	81.8	81.8
Top-Text Sdn Bhd ^(d) Malaysia	Wound up	–	90.0



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

11 SUBSIDIARIES (Continued)

Name of Subsidiary/ country of incorporation	Principal activities	Group's effective equity interest	
		2015	2014
		%	%
Held by Extera Pte Ltd			
Dezhou Sheng Rong Gas Co Ltd (德州胜荣燃气有限公司) ^(e) People's Republic of China	Energy and fuel distribution including compressed natural gas ("CNG") service provider	73.6	73.6
Held by PG Communications Pte Ltd			
PG Communications Sdn Bhd ^(a) Malaysia	Technology and trading	100.0	100.0
Held by Inno-Pacific Realty Sdn Bhd			
Megan Midas Sdn Bhd ^(a) Malaysia	Investment property holding	100.0	100.0

Notes on subsidiaries:

All the companies are audited by Moore Stephens LLP except for the subsidiaries that are indicated below.

- (a) Audited by Moore Stephens Associates & Co, Chartered Accountants, Malaysia.
- (b) No audit requirement in the country of incorporation. Audited by Moore Stephens LLP for consolidation purposes.
- (c) Exempted from audit under Section 205B of the Companies Act.
- (d) Top-Text Sdn Bhd has been dormant since the previous year and subsequently wound up in August 2015.
- (e) Audited by 德州信合有限责任会计师事务所, PRC. Audited by Moore Stephens LLP for consolidation purposes.

Interest in subsidiaries with material non-controlling interests

The Group has the following subsidiaries that have material non-controlling interests:

Name of Subsidiary/ country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2015	2014	2015	2014	2015	2014
	%	%	S\$'000	S\$'000	S\$'000	S\$'000
Dezhou Sheng Rong Gas Co Ltd (德州胜荣燃气有限公司) People's Republic of China	10.0	10.0	38	143	–	38
Extera Pte Ltd Singapore	18.2	18.2	140	243	573	713
			178	386	573	751



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

11 SUBSIDIARIES (Continued)

Interest in subsidiaries with material non-controlling interests (Continued)

As disclosed in Note 22, during the current financial year, the non-controlling shareholder of Dezhou Sheng Rong Gas Co Ltd ("Sheng Rong") has agreed to liquidate its 10% equity interests in Sheng Rong by transferring it to an unrelated third party to be appointed by Sheng Rong.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Sheng Rong

	2015	2014
	S\$'000	S\$'000
Current assets	3,968	7,432
Non-current assets	1	–
Current liabilities	(3,471)	(6,095)
Equity attributable to owners of the Company	498	1,211
Non-controlling interests	–	126

Extera

	2015	2014
	S\$'000	S\$'000
Current assets	640	637
Non-current assets	3,466	3,783
Current liabilities	(45)	(38)
Equity attributable to owners of the Company	3,488	3,585
Non-controlling interests	573	797



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

11 SUBSIDIARIES (Continued)

Interest in subsidiaries with material non-controlling interests (Continued)

Sheng Rong

	2015	2014
	S\$'000	S\$'000
Revenue	–	485
Expenses	(872)	(1,085)
Loss for the year	(872)	(600)
Loss attributable to owners of the Company	(834)	(543)
Loss attributable to the non-controlling interests	(38)	(57)
Total comprehensive loss for the year	(872)	(600)
Total comprehensive loss attributable to owners of the Company	(834)	(543)
Total comprehensive loss attributable to the non-controlling interests	(38)	(57)
Dividends paid to non-controlling interests	–	–
Net cash outflow from operating activities	(411)	(212)
Net cash outflow from investing activities	–	(181)
Net cash inflow from financing activities	–	–
Net cash outflow	(411)	(393)

Extera

	2015	2014
	S\$'000	S\$'000
Revenue	–	–
Expenses	(321)	(867)
Loss for the year	(321)	(867)
Loss attributable to owners of the Company	(181)	(709)
Loss attributable to the non-controlling interests	(140)	(158)
Total comprehensive loss for the year	(321)	(867)
Total comprehensive loss attributable to owners of the Company	(181)	(709)
Total comprehensive loss attributable to the non-controlling interests	(140)	(158)
Dividends paid to non-controlling interests	–	–
Net cash outflow from operating activities	–*	(4)
Net cash outflow from investing activities	–	–
Net cash inflow from financing activities	–	–
Net cash outflow	–*	(4)

* Below \$1,000.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

12 GOODWILL

The Company has determined and recognised goodwill of S\$13,709,000 as the excess of the value of the purchase consideration over the value of the net identifiable assets on completion of the acquisition of Extera in prior years. The principal activity of Extera is that of an investment holding company and its sole investment is its 90% equity interest in Sheng Rong. Sheng Rong is principally engaged in the ownership and operation of CNG refilling stations and natural gas supply and distribution business in Shandong province, PRC.

The purchase consideration was arrived at after taking into consideration, inter alia, the then contemplated plans and its growth potential in the natural gas distribution business in the PRC. The CNG refilling station business have become very competitive due to the entrance of state-owned oil and gas companies into the retail CNG refilling station business. The Company, after due consideration of the dim prospects of the CNG refilling station business, its business plan and strategy, decided to exit the CNG refilling station business in the PRC. Accordingly, management provided full impairment on the goodwill of S\$13,709,000.

13 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Furniture and fittings	Other assets	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
2015				
<u>Cost</u>				
At 1 January	–	217	574	791
Additions	–	–	3	3
Written-off	–	(3)	(18)	(21)
Disposals	–	(14)	(2)	(16)
At 31 December	–	200	557	757
<u>Allowance for impairment</u>				
At 1 January	–*	16	6	22
Write back of impairment loss	–*	(11)	(1)	(12)
At 31 December	–	5	5	10
<u>Accumulated depreciation</u>				
At 1 January	–	178	447	625
Foreign currency translation differences	–	–	(1)	(1)
Additions	–	2	80	82
Written-off	–	(2)	(17)	(19)
Disposals	–	(3)	(1)	(4)
At 31 December	–	175	508	683
<u>Carrying amount</u>				
As at 31 December	–	20	44	64

* Below S\$1,000

The write back of impairment loss of S\$12,000 (2014: nil) was due to disposal of furniture and fittings and other assets during the current financial year.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and equipment	Furniture and fittings	Other assets	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
2014				
<u>Cost</u>				
At 1 January	748	324	539	1,611
Foreign currency translation differences	9	1	17	27
Reclassification	–	(47)	47	–
Additions	69	1	4	74
Written-off	–	(24)	(11)	(35)
Disposals	–	(8)	(2)	(10)
At 31 December	826	247	594	1,667
<u>Allowance for impairment</u>				
At 1 January	–*	–	–	–*
Impairment for the financial year	–	16	6	22
At 31 December	–*	16	6	22
<u>Accumulated depreciation</u>				
At 1 January	203	209	297	709
Foreign currency translation differences	2	2	1	5
Reclassification	–	(32)	32	–
Depreciation for the financial year	108	19	144	271
Written-off	–	(10)	(10)	(20)
Disposals	–	(3)	(1)	(4)
At 31 December	313	185	463	961
Transferred to assets classified as held for sale	(513)	(23)	(4)	(540)
<u>Carrying amount</u>				
As at 31 December	–	23	121	144

* Below S\$1,000



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Furniture and fittings	Other Assets	Total
	S\$'000	S\$'000	S\$'000
Company			
2015			
Cost			
At 1 January	61	136	197
Additions	–	1	1
At 31 December	61	137	198
Accumulated depreciation			
At 1 January	41	124	165
Depreciation for the financial year	1	1	2
At 31 December	42	125	167
Carrying amount			
At 31 December	19	12	31
2014			
Cost			
At 1 January	61	133	194
Additions	–	4	4
Written off	–	(1)	(1)
At 31 December	61	136	197
Accumulated depreciation			
At 1 January	41	119	160
Depreciation for the financial year	–	6	6
Written off	–	(1)	(1)
At 31 December	41	124	165
Carrying amount			
At 31 December	20	12	32

The Group's other assets include a motor vehicle with a carrying amount of S\$32,000 (2014: S\$109,000) as at 31 December 2015 which was acquired under a finance lease arrangement. The motor vehicle is registered in the name of a director and is held in trust for the Group.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

14 INVESTMENT PROPERTIES

	Group	
	2015	2014
	S\$'000	S\$'000
Fair Value		
As at 1 January	11,803	13,376
Foreign currency translation difference	(2,105)	(1)
Disposal	(201)	(525)
Reclassified to assets held for sale (Note 24)	–	(605)
Fair value gain/(loss)	43	(442)
As at 31 December	9,540	11,803

- (a) As disclosed in Notes 3(b)(iv), the fair value of the Tanjong Malim land as at 31 December 2015 has been determined by an independent professional valuer with recent experience in the locale and type of the investment properties on 12 February 2016. The valuation was arrived at by reference to market evidence of transaction prices for similar properties, and was performed in accordance with International Valuation Standards. In estimating the fair value of the properties, the valuer adopted the Comparison Method of Valuation. There has been no change to the valuation technique during the year. The land is held under leasehold interests with a lease period of 99 years expiring on 12 February 2106. There is no significant change in the fair value from 31 December 2014.
- (b) The Group had acquired various residential and commercial properties as investment properties. The Group's investment properties are held for income and capital gain. The fair value of the Group's residential and commercial properties as at 31 December 2015 has been arrived on the basis of valuation carried out by independent professional valuers. The valuer adopted the Comparison Method in valuing the properties and the valuation was based on the recent transaction records of comparable properties in the locality and was performed in accordance with International Valuation Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There is no significant change in the fair value from 31 December 2014.

The fair value of investment properties is classified under Level 2 of the fair value hierarchy, as defined in Note 40(d) to the financial statements.

No significant direct operating expenses have been incurred for these investment properties.

Description of the investment properties are as follows:

	Name of property	Area	Existing use	Tenure
(a)	Tanjong Malim Land, Malaysia	2,103,948 sq. ft	Commercial	99 year lease (unexpired term 91 years)
(b)	Unit 33-02 Cendana Condominium, Kuala Lumpur, Malaysia	4,488 sq. ft	Residential	Freehold
(c)	Unit 18-03 Clear Water Residence, Kuala Lumpur Malaysia	3,283 sq ft	Residential	Freehold
(d)	Lot A-2, Tamam Sungai Mas, Sabah, Malaysia	1,070 sq ft	Shop	999 year lease (unexpired term 900 years)
(e)	Lot A-3A, Tamam Sungai Mas, Sabah, Malaysia	1,070 sq ft	Shop	999 year lease (unexpired term 900 years)



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

15 INVESTMENT IN JOINT VENTURE

	Group	
	2015	2014
	S\$'000	S\$'000
Interest in joint venture	707	–
	707	–

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of joint venture/ country of incorporation	Principal activities	Group's effective equity interest	
		2015	2014
		%	%
Held by the Company			
Malaysian Microalgae Enterprise Sdn Bhd ("Malaysian Microalgae") (fka High Flame Terrace Sdn Bhd) ^(a) Malaysia	Commercial cultivation of microalgae and its downstream activities	70.0	–
Unincorporated joint venture ("UJV") ^(b) The Kyrgyz Republic	Minerals exploration and mining	50.0	–

These joint ventures have yet to commence operations as at 31 December 2015.

- (a) On 22 September 2015, the Company entered into a Joint Venture Agreement with Primeforth Renewable Energy Limited ("Primeforth"), to establish a microalgae cultivation and oil extraction project using a Singapore-incorporated company. During the current financial year, the Company acquired an equity interest in Malaysian Microalgae (with no assets and no liabilities) with the intended principal business in the commercial cultivation of microalgae and related downstream activities.

On 21 January 2016, the Company signed a supplemental agreement with Primeforth to provide that a private limited company be incorporated in Singapore or in Malaysia as the case may be, and that the first facility shall be located in Malaysia. Malaysian Microalgae is envisaged to be the entity to undertake the microalgae cultivation and oil extraction project.

- (b) On 15 April 2015, Golden Eagle Mining Pte Ltd ("Golden Eagle Mining"), a wholly owned subsidiary of the Company, acquired a 50% participating interest in a gold exploration and exploitation concession in the Kyrgyz Republic for US\$400,000 from an unrelated Kyrgyz person who is the sole shareholder of Artel Trade LLC ("Artel"), a company incorporated in the Kyrgyz Republic. Artel is the owner of the concession and the exploration and mining licences. Golden Eagle Mining has funded US\$100,000 of US\$150,000 of the 2015 work program through a venture as of 31 December 2015. This venture is operated through an UJV, with Artel owning 25% participating interest and Mr Wong Chin Yong, CEO of the Company, owns 25% participating interest in the UJV.

Both of these investments have been accounted for as joint ventures as decisions relating to the joint arrangement activities require unanimous consent from all parties.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

16 AVAILABLE-FOR-SALE-INVESTMENTS

	Group and Company	
	2015	2014
	S\$'000	S\$'000
As at 1 January	17,852	17,852
Allowance for impairment	(11,710)	(11,710)
As at 31 December	6,142	6,142

Movement in allowance for impairment is as follows:

	Group and Company	
	2015	2014
	S\$'000	S\$'000
As at 1 January and 31 December	11,710	11,710

Available-for-sale investments comprise the following:

	Group and Company	
	2015	2014
	S\$'000	S\$'000
Right to receive net proceeds from 60 finished lots of land [Note (i)]	4,600	4,600
Investment in unquoted shares [Notes (ii), (iii)]	1,542	1,542
	6,142	6,142

- (i) the Group and the Company's rights to receive the net proceeds of 60 finished lots of land situated at Sawyer Falls, Pierce County, Washington State, USA amounting to S\$4,600,000;
- (ii) the Group and the Company had made a full allowance for impairment of S\$1,400,000 for its investment in Grand Prosper due to the long delay and uncertainty in the commencement of the operations of its CNG refilling stations in the PRC; and
- (iii) the Group and the Company's equity investment in Trackplus was previously classified as asset held-for-sale but since the Group has not sold Trackplus, it was re-classified to available-for-sale investments in 2012.

Net proceeds of 60 finished lots of land situated at Sawyer Falls, Pierce County, Washington State, United States of America

On 23 April 2002, Sawyer Falls Co, LLC ("SFC"), entered into a Vacant Land Sale and Purchase Agreement ("VLSPA") to sell the Falling Water raw land to Capri Investment LLC ("Capri"). The sales consideration for the raw land was US\$3,500,000 and net proceeds of 85 finished lots from the property, less the customary costs of sale and closing costs as well as, the traffic, park schools mitigation fees and related utility fees allocable to each of the lots.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

16 AVAILABLE-FOR-SALE-INVESTMENTS (Continued)

Net proceeds of 60 finished lots of land situated at Sawyer Falls, Pierce County, Washington State, United States of America (Continued)

On 26 February 2004, the Company, SFC and its members entered into an agreement whereby SFC agreed to distribute the net proceeds from the first 35 lots of the 85 lots that SFC is entitled to, under the VLSPA to the Company as settlement of promissory notes issued by SFC to the Company. In addition, it was also agreed on 16 March 2004, that the Company will be entitled to a further 25 lots in SFC. Consequently, the Company has a total right to receive the net proceeds from the sale of 60 finished lots.

On 16 March 2004, SFC had confirmed to the Company that the net proceeds from the distribution of the remaining lots (which is 25 lots) to the Company will be without any deductions for the creditors of SFC or advances made by members of SFC after the date of the VLSPA.

Investment in Grand Prosper

The Company had acquire 25% of the issued and paid-up share capital in Grand Prosper for S\$1.4 million. Grand Prosper's only investment is its 90% shareholding in Deshi Oil and Gas Exploration Co Ltd ("Deshi"). The Company had fully impaired its investment in Grand Prosper due to the long delay and uncertainty in the commencement of the operations of the CNG refilling stations in the PRC.

Investment in Trackplus

Although the Company acquired and holds more than 20% ownership in Trackplus, the Company has classified it as an available-for-sale investment instead of investment in associate as the Company has no power to exercise significant influence in its financial and operating policy decisions as defined in FRS 28, *Investments in Associates*.

The Company acquired on 9 September 2011 a 35% interest in the issued and paid-up share capital of Trackplus whose principal activity is property development in Malaysia. As disclosed in Note 3b(iii), Trackplus is a special purpose vehicle company and owns only a parcel of land with an area of approximately 7,863 square metres at Section 13, Town of Shah Alam, Selangor, Malaysia.

The land which is on a leasehold title for 99 years and expiring on 22 January 2102, was valued at approximately S\$5,699,000 [equivalent to RM17,300,000] (2014: S\$6,541,000 [equivalent to RM17,300,000]). The valuation of the land was carried out by an independent registered valuer based on the available records of recent transactions of comparable properties in the locality.

Trackplus has on 4 December 2015 entered into a joint venture agreement with a developer in Malaysia to carry out residential and commercial development on the Land. Under this agreement, the Developer shall pay Trackplus (i) 20% of the total sales price of the net saleable area from the development on the land, or (ii) the Guaranteed Minimum Consideration of S\$8,235,000 (RM25,000,000), whichever is higher.

17 INVENTORIES

	Group	
	2015	2014
	S\$'000	S\$'000
Inventories, net	–	9

During the current financial year, the Group recognised a write down of inventory of S\$7,000 (2014:S\$2,000) to bring it to its net realisable value.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

18 DERIVATIVE RECEIVABLES AND OTHER ASSETS

The derivative receivables and other assets shown in the following tables are held for trading purposes. The contractual or underlying principal amounts of these derivative receivables and other assets and their corresponding gross positive (derivative receivables) fair values at the end of the financial year are analysed below.

	Notional Amount		Derivative Receivables	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
<u>Equity derivative</u>				
Fair value of equity derivatives	–	203	–	10
Company				
<u>Equity derivative</u>				
Fair value of equity derivatives	–	46	–	2
	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Derivative receivables:				
<u>Analysed by counterparty:</u>				
Bank/CDP	–	10	–	2
<u>Analysed by geography:</u>				
Singapore	–	10	–	2

The analysis by geography is determined based on where the counter party risk resides.

The derivative receivable of the Group and the Company become nil as the derivative instruments expired in current financial year.

19 INVESTMENTS HELD FOR TRADING

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Marketable securities: <i>Singapore</i>				
As at 1 January	7,066	12,478	6,330	6,257
Additions	490	5,276	490	5,276
Disposal	(840)	(722)	(668)	(721)
Reinvested to investment in fixed income instruments (Note 20)	(5,000)	–	(5,000)	–
Fair value loss due to changes in market value (Note 5)	(1,408)	(9,966)	(1,041)	(4,482)
As at 31 December	308	7,066	111	6,330



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

19 INVESTMENTS HELD FOR TRADING (Continued)

Investments held for trading pertains to investments in listed marketable securities and unquoted equity fund which offer the Group and the Company the opportunity for return through dividend income and fair value gains. The fair values of the listed equity securities are based on closing bid prices on the last market day of the financial year. During the current financial year, the Group and the Company has reinvested the unquoted equity fund amounting to S\$5.0 million into a fixed income instrument.

The Group's and the Company's investments held for trading include investments with the carrying amount of S\$262,800 (2014: S\$1,285,000) and S\$232,200 (2014: S\$1,190,000) respectively, are pledged as security for trading accounts with financial institutions.

Investments held for trading are denominated in Singapore dollar.

20 INVESTMENT IN FIXED INCOME INSTRUMENTS

	Group and Company	
	2015	2014
	S\$'000	S\$'000
As at 1 January	–	–
Addition (Note 19)	5,000	–
Interest receivable	213	–
As at 31 December	5,213	–

The investment in fixed income instruments as at 31 December 2015 pertains to the Group's unquoted investment in short term interest bearing instrument reinvested from proceeds of the unquoted equity fund (Note 19). The instrument carries a coupon at the rate of 0.6 % per month from the issued date up to and including the maturity date or the day of early redemption. The instrument matures on 28 November 2016 but Company is entitled to redeem the instrument prematurely. Management does not intend to hold the instrument until its maturity.

21 TRADE RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Third parties	57,509	57,509	57,508	57,508
Less: Allowance for impairment	(56,177)	(26,653)	(56,177)	(26,653)
	1,332	30,856	1,331	30,855

Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit term of 30 days (2014: 30 days). Included in the trade receivables is the amount due from the counterparty on the sale of Securities.

In 2013, the Company entered into a Sale and Purchase Agreement ("S&P") to sell certain marketable securities for S\$65,460,000. The counterparty paid S\$7,200,000 in cash. The completion of the S&P was to take place on or before 31 December 2013. The completion did not take place by 31 December 2013 and the Group did not deliver the Securities to the counterparty by 31 December 2013.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

21 TRADE RECEIVABLES (Continued)

On 31 December 2014, the Company entered into a further agreement with the counterparty to repurchase the Securities for S\$752,500. The balance of receivable was S\$57,507,500 as at 31 December 2014. The counterparty provided collaterals by way of third party pledged shares in another Singapore listed company ("Pledged Shares") but these were returned to the counterparty in 2014 and the counterparty provided a Deed of Shares Pledge for 25,000 shares, representing 50% of the issued share capital, of an overseas private company held under an escrow arrangement in favour of the Company as additional collateral until the settlement of the S\$57,507,500. The Company was of the opinion that these 25,000 shares have a value in excess of the estimated value of the Pledged Shares as at 31 December 2014. The counterparty agreed to settle in cash the balance of receivable by 30 September 2015. On 30 September 2015, the Company entered into an agreement with the counterparty to extend the settlement date to 30 September 2016.

Though the Pledged Shares had not been returned to the Company by 31 December 2015, and the Company continues to hold the 25,000 shares in an overseas private company as collateral for the debt as at 31 December 2015, the Company has always considered the Pledged Shares as the primary collateral for the debt owed by the counterparty. The management estimated that the value of the Pledged Shares as at 31 December 2015 amounted to S\$1,331,000 (2014: S\$30,855,000) and made a further allowance of impairment of S\$29,524,000 (2014: S\$26,653,000), resulting in a total allowance of impairment against this receivable of S\$56,177,000, which represented the uncollateralised portion of receivable due from the counterparty. The Company has not taken into consideration the value of the 25,000 shares in the overseas private company as there is limited marketability for these shares.

Subsequent to the financial year, the counterparty returned the Pledged Shares to the Company in addition to the 25,000 shares in the overseas private company as collaterals. The Pledged Shares and the 25,000 shares in the overseas private company are held under escrow arrangements in favour of the Company. The escrow arrangements will be terminated when S\$57,507,500 has been fully settled.

Trade receivables that are less than five months past due are not considered as impaired. As at 31 December 2015, the Company has provided an impairment of S\$29,524,000 (2014: S\$26,653,000) for trade receivable related to the S&P.

Movements in allowance for impairment on trade receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January	26,653	15	26,653	–
Addition during the financial year	29,524	26,653	29,524	26,653
Reversal during the financial year	–	(15)	–	–
As at 31 December	56,177	26,653	56,177	26,653

Trade receivables are mainly denominated in Singapore dollar (2014: Singapore dollar).



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

22 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Other receivables	3,783	804	604	22
Allowance for impairment	(153)	(153)	–	–
	3,630	651	604	22
Amounts due from subsidiaries	–	–	30,190	30,205
Allowance for impairment	–	–	(27,786)	(28,546)
	–	–	2,404	1,659
Deposits	51	36	33	31
Prepayments	39	56	10	14
	3,720	743	3,051	1,726

Other receivables include an amount of RMB11.0 million (approximately S\$2.4 million) due from the non-controlling shareholder of Sheng Rong pursuant to the recovery of payments made by Sheng Rong for the CNG station (Note 24). The non-controlling shareholder has agreed to pay Sheng Rong by transferring various properties in the PRC totalling RMB5.0 million (S\$1.1 million) and assignment of debts totalling RMB6.0 million (S\$1.3 million). The non-controlling shareholder also agreed to liquidate its 10% equity interest in Sheng Rong (Note 11). The receivable is personally guaranteed by the owner of the non-controlling shareholder.

Other receivables and amounts due from subsidiaries are interest-free, unsecured and repayable on demand.

Movement in allowance for impairment on other receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January	153	474	–	321
Write-off against allowance	–	(321)	–	(321)
As at 31 December	153	153	–	–

An allowance for impairment is made for estimated irrecoverable amounts from other receivables and amount due from subsidiaries and determined by reference to the financial position and repayment capability of the other receivables and subsidiaries.

Other receivables which are less than 1 year are not considered as past due.



Notes to the Financial Statements

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22 OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Movements in allowance for impairment on amounts due from subsidiaries are as follows:

	Company	
	2015	2014
	S\$'000	S\$'000
As at 1 January	28,546	28,799
Addition during the year	106	347
Reversal during the year	(866)	(600)
As at 31 December	27,786	28,546

The reversal of S\$866,000 (2014: S\$600,000) was due to repayment of debts previously considered as impaired.

Receivables that are impaired

At the end of the financial year, the Company has provided impairment of S\$27,786,000 (2014: S\$28,546,000) for advances due from its subsidiaries. Its subsidiaries have been suffering financial losses for the current and past three financial years.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Save as disclosed in Note 21, the Group does not hold any collateral.

Other receivables and prepayments are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore Dollar	560	580	2,451	1,726
Chinese Renminbi	2,545	159	–	–
United States Dollar	600	–	600	–
Malaysian Ringgit	15	4	–	–
	3,720	743	3,051	1,726

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents per the consolidated statement of cash flows are as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash and bank balances	2,578	5,164	954	3,148

Cash and bank balances do not bear any interest.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

23 CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore Dollar	2,454	4,639	953	3,147
United States Dollar	12	6	–	–
Chinese Renminbi	105	518	–	1
Malaysian Ringgit	7	1	1	–
	2,578	5,164	954	3,148

24 ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2015	2014
	S\$'000	S\$'000
Residential unit (i)	–	605
Assets related to CNG station (ii)	–	4,507
	–	5,112
Liabilities associated with assets related to CNG station held for sale (ii)	–	2,685

- (i) The Group sold its investment properties, a residential unit in Malaysia during the current financial year.
- (ii) During the current financial year, the Group recovered RMB11.0 million (S\$2.4 million) from the non-controlling shareholder of its indirect subsidiary Sheng Rong for the payments made by Sheng Rong for the CNG station. As at 31 December 2015, the Group recognised a receivable of RMB11.0 million (S\$2.4 million) (Note 22) and a write back of S\$244,000 losses arising from the recovery of payments made (Note 8).



Notes to the Financial Statements

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25 FINANCE LEASE LIABILITIES

	Minimum Lease payments		Present value of Minimum lease payments	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
Amounts payable under finance lease:				
Within one financial year	23	56	21	51
In the second to fifth financial year	–	23	–	21
	23	79	21	72
Future finance charges	(2)	(7)		
Present value of lease obligations	21	72		
Due for settlement within 12 months	(21)	(51)		
Due for settlement after 12 months	–	21		

The carrying amount of finance lease liabilities approximates its fair value.

The remaining term of the finance lease is 1 year (2014: 2 years). For the financial year ended 31 December 2015, the effective borrowing rate was 3.9% (2014: 3.9%) per annum. Interest rate is fixed at the contract date, and thus exposes the Group to fair value interest rate risk. The finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

The Group's obligation under finance lease is secured by the lessor's title to the leased asset as disclosed in Note 13, which will revert to the lessor in the event of default by the Group.

The finance lease payable is denominated in Singapore dollar.

26 DEFERRED TAX LIABILITIES

Deferred tax liabilities arise when the Group accounts for the difference between the carrying amount of the revalued leasehold land and its cost as the Group deems the future recovery of the carrying amount of the revalued asset will result in a taxable flow of economic benefits to the Group and the amount that will be deductible for tax purposes will differ from the amount of the economic benefits. A deferred tax liability is computed in respect of the revaluation surplus at the tax rate of the country in which the subsidiary concerned is domiciled. Any actual tax liability will crystallise upon disposal of the revalued asset.

Movements in deferred tax liabilities are as follows:

	Group	
	2015	2014
	S\$'000	S\$'000
As at 1 January	428	468
Recognised in the profit or loss (Note 7)	11	(40)
Foreign currency translation differences	(63)	–
As at 31 December	376	428



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

27 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables:				
— bank and stock brokerage trading accounts	12,183	1,302	—	—
Amounts due to subsidiaries	—	—	7,311	7,416
Accrued operating expenses	161	308	101	135
Accrual of unutilised leave	501	455	501	455
Amount due to a director	—	4	—	4
Other payables	649	820	225	355
	13,494	2,889	8,138	8,365

Bank and stock brokerage trading accounts are non-interest bearing and are normally settled within 30 days (2014: 30 days) term.

Amounts due to subsidiaries which comprise advances are interest-free, unsecured and repayable on demand.

The accrued operating expenses principally comprise amounts outstanding for on-going operating costs.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore Dollar	12,913	2,263	8,020	8,255
Malaysian Ringgit	16	70	—	—
United States Dollar	119	113	118	110
Chinese Renminbi	446	442	—	—
Euro	—	1	—	—
	13,494	2,889	8,138	8,365



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

28 DERIVATIVE PAYABLE AND OTHER LIABILITIES

The derivative payable and other liabilities shown in the following tables are held for trading purposes. The contractual or underlying principal amounts of these derivative payables and other liabilities and their corresponding gross negative (derivative payables) fair values at the end of the financial year are analysed below.

	Notional Amount		Derivative Payables	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
<u>Equity derivative</u>				
Fair value of equity derivatives	–	9,688	–	9,491

	Group	
	2015	2014
	S\$'000	S\$'000

Derivative payables:

Analysed by counterparty:

Bank	–	9,491
------	---	-------

Analysed by geography:

Europe	–	9,491
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The analysis by geography is determined based on where the counter party risk resides.

The derivative payable of the Group become nil as the derivative instruments was fully sold during the current financial year.

29 PROVISION FOR DIRECTORS' FEES

Provision for directors' fees is denominated in Singapore dollar.

30 RETIREMENT BENEFIT OBLIGATIONS

The total retirement benefit expense recognised in profit or loss of S\$48,000 (2014: S\$62,000) represents contributions payable by the Group to the state-managed retirement benefit plans at rates specified in the rules of the plans. Contributions of S\$10,000 (2014: S\$25,000) due in respect of the current financial year had been paid to the plan subsequent to the end of financial year.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

31 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2015	2014	2015	2014
			S\$'000	S\$'000
Issued and paid-up, no par value				
As at 1 January	4,396,750,145	3,465,182,495	121,571	112,588
Issue of ordinary shares relating to:				
– issuance of rights shares	–	931,567,650	–	9,316
– rights issue expenses	–	–	–	(333)
As at 31 December	4,396,750,145	4,396,750,145	121,571	121,571

32 ASSET REVALUATION RESERVE

The asset revaluation reserve which is non-distributable arises from the revaluation of a leasehold land.

33 SHARE AWARDS RESERVE

Share award reserve represents the value of share-based payment in the form of equity-settled share awards granted to directors and employees. The reserve is made up of the cumulative value of share-based payment received from directors and employees recorded on the grant of equity-settled share awards.

The Innopac Performance Share Scheme (the “PSS”)

On 23 January 2014, the Company granted 68,300,000 shares awards under the Innopac Performance Share Scheme (the “PSS”). The market price of the Company’s shares on the date of the grant was S\$0.024. These share awards have been cancelled on 8 April 2015.

On 28 April 2015, the Company granted 95,000,000 shares awards to directors and staff under the PSS. The market price of the Company’s shares on the date of the grant was S\$0.008. As at 31 December 2015, 1,000,000 of the said share awards lapsed upon cessation of staff employment. None of the said share awards were allotted and issued at the end of the current financial year. The share awards will vest subject to achievement of pre-determined non-market performance targets during one (1) financial year performance period and or other terms and conditions being met. The share awards will be released once the RC is satisfied that the prescribed performance targets have been achieved.

The following share awards have been granted to the directors:-

Dato’ Moehamad Izat Emir	15,000,000
Wong Chin Yong	50,000,000
Ong Kah Hock	15,000,000
Arslan Koichiev	2,000,000
Jeremy Dyer	2,000,000



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

33 SHARE AWARDS RESERVE (Continued)

Information in respect of the share awards granted under the PSS is as follows:

	Number of share awards	
	2015	2014
Outstanding as at 1 January	68,300,000	–
Granted during the year	95,000,000	68,300,000
Cancelled during the year	(68,300,000)	–
Lapsed during the year	(1,000,000)	–
Outstanding as at 31 December	94,000,000	68,300,000

34 SHARE OPTIONS RESERVE

Share options reserve represent the value of share-based payment in the form of equity-settled share options granted to directors and employees. The reserve is made up of the cumulative value of share-based payment received from directors and employees recorded on the grant of equity-settled share options.

The Innopac Share Option Scheme (the “IPSO”)

On 28 April 2015, the Company granted a total of 95,000,000 share options at the exercise price of S\$0.008 to directors and staff under the IPSO. The market price of the Company's shares on the date of the grant was S\$0.008. Options granted to Group Directors and Group Executives have a life span of ten years (28 April 2015 to 27 April 2025), while those granted to Non-Executive Directors shall have a life span of five years (28 April 2015 to 27 April 2020). As at 31 December 2015, 1,500,000 of the said options lapsed upon cessation of staff employment. None of the said options were exercised at the end of the financial year.

The following share options have been granted to the directors:-

Dato' Moehamad Izat Emir	10,000,000
Wong Chin Yong	50,000,000
Ong Kah Hock	10,000,000
Arslan Koichiev	2,000,000
Jeremy Dyer	2,000,000



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

34 SHARE OPTIONS RESERVE (Continued)

Information in respect of the share options granted under the Company's Innopac Share Option Scheme is as follows:

	Weighted average exercise price 2015 S\$	Number of options 2015	Weighted average exercise price 2014 S\$	Number of options 2014
Outstanding as at 1 January	–	–	–	–
Granted during the year	0.008	95,000,000	–	–
Lapsed during the year	0.008	(1,500,000)	–	–
Outstanding as at 31 December	0.008	93,500,000	–	–
Exercisable as at 31 December	0.008	93,500,000	–	–

The options outstanding as at 31 December 2015 have an exercise price of S\$0.008. The estimated fair value of each share option is S\$0.008.

The fair value of share options as at the date of grant is estimated by using the Binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The significant inputs into the model were share prices at date of grant, exercise price, dividend yield, expected volatility, risk-free interest rate and expected option life.

Volatility, measured as the standard deviation of expected share price returns, was based on volatility range during the past year in accordance with convention laid down by Bloomberg. The inputs to the model used are shown below.

Date of grant	Number of options granted	Expected dividend yield (%)	Expected volatility (%)	Risk-free interest rate (%)	Expected life of options (years)	Exercise price (S\$)	Share price at date of grant (S\$)
28 Apr 2015	24,000,000	Nil	178.04	1.58	5	0.008	0.008
28 Apr 2015	71,000,000	Nil	178.04	1.58	10	0.008	0.008

35 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the foreign operations where the functional currencies are different from that of the Group's presentation currency. This is non-distributable.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

36 OPERATING LEASE COMMITMENTS

At the end of financial year, the commitments in respect of non-cancellable operating leases of office premises were as follows:

	Group	
	2015	2014
	S\$'000	S\$'000
Future minimum lease payments payable:		
Within one year	138	104
In the second to fifth financial year	109	–
	247	104

The above operating lease commitments are based on the contracted rental charges as specified in the lease agreements.

The Group has renewed its lease for a two-year term for its office premises in financial year 2015, with an option to renew the lease for another two years, after the expiry of the current lease period, at revised terms to be mutually agreed between the Company and the landlord. There are no contingent rentals.

37 SEGMENT INFORMATION

(a) Analysis by Business Segment

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operating businesses are organised and managed separately according to the nature of products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Chief Executive Officer ("CEO") is designated as the Chief Operating Decision Maker, monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and operating profit, as included in the management reports reviewed by the CEO.

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's statement of comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

37 SEGMENT INFORMATION (Continued)

(a) Analysis by Business Segment (Continued)

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. The unallocated finance costs relates to the finance lease liability allocated to the Investment trading segment.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss. The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

The information of each segment is as follows:

- (i) Products trading segment: The revenue from this segment was derived from products trading.
- (ii) Investment trading segment: This represents investments in marketable securities, which are classified as financial assets at fair value through profit or loss.
- (iii) Investment holding segment: This mainly consists of the principal activities of the Company and some of its subsidiaries, which are investment holding and rendering management services to subsidiaries.

	Products trading	Investment trading	Investment holding	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
2015				
Segment revenue	2	815	–	817
Segment results	(793)	(32,271)	(16,080)	(49,144)
Finance costs				(5)
Tax				(13)
Loss for the financial year				(49,162)
Segment assets	7,997	1,708	19,899	29,604
Segment liabilities	(461)	(12,223)	(1,042)	(13,726)
Deferred tax liabilities				(376)
Total liabilities				(14,102)
Other information				
Capital expenditure	2	–	1	3
Depreciation of property, plant and equipment	2	77	3	82

Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

37 SEGMENT INFORMATION (Continued)

(a) Analysis by Business Segment (Continued)

	Products trading	Investment trading	Investment holding	Total
	S\$'000	S\$'000	S\$'000	S\$'000
2014				
Segment revenue	3	336	–	339
Segment results	(807)	(29,246)	24,227	(5,826)
Finance costs				(5)
Tax				40
Loss for the financial year				(5,791)
Segment assets	10,450	38,076	32,232	80,758
Segment liabilities	(3,145)	(10,990)	(1,198)	(15,333)
Deferred tax liabilities				(428)
Total liabilities				(15,761)
Other information				
Capital expenditure	70	–	4	74
Depreciation of property, plant and equipment	188	77	6	271

(b) Analysis by Geographical Segment

Segment revenue is analysed based on the location of customers regardless of where the services are provided. In the case of revenue from investment trading, segment revenue is analysed based on the location where the shares are listed.

Segment non-current assets and capital expenditure are analysed based on the location of those assets. In the case of investment trading, segment assets are analysed based on the location where the shares are listed. Capital expenditure includes the total cost incurred to acquire property, plant and equipment.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

37 SEGMENT INFORMATION (Continued)

(b) Analysis by Geographical Segment (Continued)

	Group	
	2015	2014
	S\$'000	S\$'000
Segment revenue by geographical market:		
Singapore	815	336
Other Asian countries	2	3
Total	817	339
Segment non-current assets by geographical location:		
Singapore	771	336
Other Asian countries	9,540	489
Total	10,311	825
Segment capital expenditure by geographical location:		
Singapore	1	4
Other Asian countries	2	70
Total	3	74

38 CONTINGENT LIABILITIES AND COMMITMENTS

Continuing financial support

As at the end of the financial year, the Company has given undertakings to provide continued financial support to certain subsidiaries to enable them to operate as a going concern and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

At the end of the financial year, these subsidiaries had capital deficiencies totalling S\$41,123,000 (2014: S\$38,668,000) including amount due by the subsidiaries to the Company totalling S\$28,505,000 (2014: S\$28,537,000). See Note 11 for impairment in subsidiaries.

In the opinion of the directors of the Company, no loss is anticipated from these contingent liabilities.

Capital commitment

Capital expenditure contracted for as at the end of reporting period but not recognised in the financial statements is as follows:

	Group	
	2015	2014
	S\$'000	S\$'000
Commitments in respect of financing the capital investment and working capital requirements of an investment in joint venture	17,674	–



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39 RELATED PARTIES TRANSACTIONS

A related party is defined as follows:

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

The Company has transactions with related parties and the effect of these transactions is reflected in these financial statements.

In addition to the information disclosed elsewhere in the financial statements, the Company has provided general and administrative services to certain subsidiaries at no charge (2014: no charge). Certain subsidiaries are using the same premises leased by the Company at no charge (2014: no charge).

As disclosed in Note 15, Mr Wong Chin Yong, CEO of the Company, has a 25% participating interest in the UJV of a gold exploration and exploitation concession in the Kyrgyz Republic.

Remuneration of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise directors of the Company and a subsidiary and executives of the Company.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

39 RELATED PARTIES TRANSACTIONS (Continued)

Remuneration of key management personnel (continued)

The remuneration of directors of the Company during the financial year was as follows:

	Company	
	2015	2014
	S\$'000	S\$'000
Directors' fees	125	109
Post-employment benefits	7	6
Short-term benefits	504	525
Share Awards	606	–
Share Options	326	–

The remuneration of director of a subsidiary and key executives during the financial year was as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Post-employment benefits	16	18	16	15
Short-term benefits	268	289	268	273

Number of directors of the Company in the following remuneration bands was as follows:

	Company	
	2015	2014
	S\$'000	S\$'000
S\$500,000 and above	–	–
S\$250,000 to S\$499,999	1	1
Below S\$250,000	4	4
	5	5

Number of key management personnel (who are not directors of the Company) of the Group and the Company in remuneration bands was as follows:

	Group		Company	
	2015	2014	2015	2014
Below S\$250,000	2	2	2	2



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40 FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to a variety of financial risks: market risk (including foreign exchange risk, marketable securities price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance. The Group and the Company have established risk management policies and guidelines, which set out its overall risk management strategies.

The Group and the Company manage their exposure to financial risks using a variety of techniques and instruments. The Finance Department of the Group identifies, and evaluates financial risks in close co-operation with the Group's and the Company's operating units.

(a) Market Risks

(i) Foreign exchange risk

The Group and the Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar, the Chinese Renminbi and the Malaysian Ringgit.

The Group's foreign operations are managed primarily through the engagement of services and purchases denominated in the respective functional currencies of the foreign subsidiaries. These risks are managed through natural hedges arising from a matching sale, purchase or a matching of assets and liabilities of the same currency. Foreign exchange risk arising from currency trading is managed through capping the maximum amount of trading loss at the ceiling of US\$250,000 per year. The Group has set up a policy to monitor its trading positions in the forex market on a daily basis. Management will review the trading results on a continuous basis.

Management has set up a policy to manage their foreign exchange risk against their functional currency. To manage the Group's and the Company's foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Finance Department of the Group would assess the need to hedge the foreign exchange risk, and make the necessary arrangement accordingly. The Finance Department of the Group will arrange for conversion into foreign currency at the time when market rates become favourable to manage foreign exchange risk.

At 31 December 2015, if the Singapore Dollar had weakened/strengthened by 10% against the Malaysian Ringgit with all other variables held constant, pre-tax loss for the year would have been S\$900 (2014: S\$7,000) higher/lower.

At 31 December 2015, if the Singapore Dollar had weakened/strengthened by 10% against the United States Dollar with all other variables held constant, pre-tax loss for the year would have been S\$49,000 (2014: S\$10,000) lower/higher.

At 31 December 2015, if the Singapore Dollar had weakened/strengthened by 10% against the Chinese Renminbi with all other variables held constant, pre-tax loss for the year would have been S\$217,000 (2014: S\$23,000) lower/higher.



Notes to the Financial Statements

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40 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market Risks (Continued)

(i) Foreign exchange risk (Continued)

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2015	2014	2015	2014	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Chinese Renminbi	2,620	636	446	442	–	1	–	–
Euro	–	–	–	1	–	–	–	–
United States Dollar	612	6	119	113	600	–	118	110
Malaysian Ringgit	7	3	16	70	1	–	–	–

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to foreign exchange translation risk.

(ii) Marketable securities price risk

The Group is exposed to equity price risk because of its investments in marketable securities. The Group manages its equity price risk through a diverse portfolio. The Group's investment in marketable securities are companies listed in Singapore Exchange Securities Trading Limited.

If prices for the Group's marketable securities change by 10%, the effects on loss before income tax would be approximately S\$0.031 million (2014: S\$0.747 million).

(iii) Cash flow and fair value interest rate risk

The Group's and the Company's interest rate risks relate to interest bearing assets and interest bearing liabilities. The Group's and the Company's income and operating cash flows are not affected by changes in market interest rates. The Group and the Company have no significant exposure to market interest rate risks. As such interest rate sensitivity analysis is not deemed necessary.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition.

The Group's and the Company's major classes of financial assets are investments held for trading, investment in fixed income instruments, trade and other receivables and bank deposits. Investments held for trading are mainly marketable securities held with securities trading companies which are subsidiaries of well-established banks. Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. The Group does not expect any losses from non-performance by these counterparties, except as disclosed in Note 21. The Group's trade receivables and investment in fixed income instruments are mainly due from one counterparty.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

40 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit Risk (Continued)

The Company has no other significant concentration of credit risk except for the amounts due from subsidiaries, net of allowance, and trade receivable due from one counterparty.

The credit quality of financial assets that are either current or past due but not impaired can be assessed by reference to historical information about counterparty default rates.

(c) Liquidity Risk

The Group and the Company ensure availability of funds through an adequate amount of cash and marketable securities and where necessary, fund raising will be considered via rights issues, private placements, or other equity-related exercise.

Prudent liquidity risk management requires maintenance of sufficient cash flow for daily operations. The Group and the Company maintain a liquid marketable portfolio that can be converted to cash readily.

The management monitors its expected cash flow requirement on a weekly basis.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of financial year to the contractual maturity date (except for derivative payables and other liabilities which are based on expected maturities). The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not expected to be significant.

	Effective interest rate	Less than 1 year S\$'000	Between 1 year and 2 years S\$'000
Group			
At 31 December 2015			
Financial Liabilities			
Trade payables and other payables	–	12,993	–
Provision for directors' fees	–	211	–
Finance lease liabilities	3.9%	23	–
Total		13,227	–
At 31 December 2014			
Financial Liabilities			
Trade payables and other payables	–	2,434	–
Derivative payables and other liabilities	–	9,491	–
Provision for directors' fees	–	196	–
Finance lease liabilities	3.9%	56	23
Total		12,177	23



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40 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk (Continued)

	Effective interest rate	Less than 1 year S\$'000
Company		
At 31 December 2015		
Financial Liabilities		
Trade payables and other payables	–	7,637
Provision for directors' fees	–	211
Total non-derivatives		<u>7,848</u>
At 31 December 2014		
Financial Liabilities		
Trade payables and other payables	–	7,910
Provision for directors' fees	–	196
Total non-derivatives		<u>8,106</u>

The Group's operations are financed mainly through equity.

(d) Fair Value of Financial Assets and Financial Liabilities

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are determined as follows:

- (i) the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy);
- (ii) in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy); and
- (iii) in the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).

Notes to the Financial Statements

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40 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair Value of Financial Assets and Financial Liabilities (Continued)

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis (Continued)

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group				
2015				
<u>Assets</u>				
Investments held for trading (Note 19)	308	–	–	308
2014				
<u>Assets</u>				
Derivative receivables and other assets (Note 18)	–	10	–	10
Investments held for trading (Note 19)	2,066	–	–	2,066
Company				
2015				
<u>Assets</u>				
Investments held for trading (Note 19)	111	–	–	111
2014				
<u>Assets</u>				
Derivative receivables and other assets (Note 18)	–	2	–	2
Investments held for trading (Note 19)	1,330	–	–	1,330

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

The fair values of the financial instruments that are not traded in an active market is determined by reference to quoted market prices or dealer quotes for similar instruments. These financial instruments are classified as Level 2.



Notes to the Financial Statements

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40 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair Value of Financial Assets and Financial Liabilities (Continued)

Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis (but fair value disclosure is required)

(i) Other financial assets and liabilities

As at 31 December 2015, the carrying amount of cash and cash equivalents, trade and other receivables, unquoted investment in fixed income instruments and trade and other payables, approximate their respective fair values due to the relative short term maturity of these financial instruments.

As at 31 December 2014, the carrying amount of cash and cash equivalents, trade and other receivables, unquoted equity fund, and trade and other payables, approximate their respective fair values due to the relative short term maturity of these financial instruments.

(ii) Non-derivative financial liabilities

As at 31 December 2015 and 2014, the carrying amount of the Company's non-current financial liabilities approximate their fair values, as fair values are calculated based on discounted expected future principal and interest cash flows. The discount rate used is based on market rate for similar instruments at reporting date.

41 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's abilities to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and the Company may return capital to shareholders, issue new shares, sell assets to reduce debt, or adjust the amount of dividends paid to shareholders.

The Group's and the Company's overall strategy in capital management remains unchanged from financial year 2014.

Management also monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (less deferred tax liabilities and provision for directors' fees and liabilities directly associated with assets classified as held for sale) less cash and cash equivalents. Total capital is calculated as equity attributable to owners of the Company plus net debt.

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Net debt	10,937	7,288	7,184	5,217
Total equity	14,929	64,246	19,249	64,178
Total capital	25,866	71,534	26,433	69,395
Gearing ratio	42.28%	10.19%	27.18%	7.52%

The Group and the Company are not subject to any externally imposed capital requirements for financial years ended 31 December 2015 and 31 December 2014.



Notes to the Financial Statements

For The Financial Year Ended 31 December 2015

42 OTHER MATTERS

The Company on 3 April 2014 and 11 April 2014 announced that the Company, certain subsidiaries and a former associate company, and Mr Wong Chin Yong, the Managing Director and Chief Executive Officer (“CEO”) of the Company, had received orders from the Commercial Affairs Department of the Singapore Police Force (“CAD”) to assist with the CAD’s investigations into an alleged offence under the Securities and Futures Act, Chapter 289.

The CAD has not provided any further information on their investigation or on the alleged offence (if any). The Board understands that the CAD investigation may be protracted until such time as that the investigations are completed and the results known, Mr Wong shall continue as the CEO of the Company.

The Board of Directors of the Company is of the opinion that the business and operations of the Group are not unduly affected by the investigation and the Company will continue to monitor the progress of the investigation.

43 EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) *Termination of joint venture agreement*

On 14 March 2016, the Company announced that Extera had entered into an agreement with Mr. Liang Gaocheng and Aceford Limited to terminate the Chinese Joint Venture Company Agreement signed on 27 February 2015.

(ii) *Adjustment to the purchase consideration of equity interest in Extera*

On 28 March 2016, the Company announced that it has entered into a Memorandum of Understanding (“MOU”) with Rubic Prize Limited (“Rubic”) to adjust and reduce the purchase consideration of the Company’s 2013 acquisition of 81.8% equity interest in Extera.

The MOU contemplates that the purchase consideration will be adjusted and reduced, by Rubic:

- 1) transferring its 18.2% equity interest in Extera to the Company; and
- 2) returning the Consideration Shares to the Company for either cancellation or otherwise as the Company may determine following advice from its professional advisors.



Statistics of Shareholdings

As At 28 March 2016

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings			No. of Shareholders	Percentage	No. of Shares Held	Percentage
1	–	99	84	0.57%	1,468	0.00%
100	–	1,000	715	4.85%	652,278	0.01%
1,001	–	10,000	6,169	41.82%	34,870,870	0.79%
10,001	–	1,000,000	7,274	49.30%	1,152,672,673	26.22%
1,000,001 and above			511	3.46%	3,208,552,856	72.98%
			14,753	100.00%	4,396,750,145	100.00%

Number of shares : 4,396,750,145
Class of shares : ordinary shares
Voting rights : one vote per share

Based on information available to the Company as at 28 March 2016, approximately 71.97% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TOP TWENTY SHAREHOLDERS

No.	Name	No. of Shares	Percentage
1	CIMB Securities (Singapore) Pte Ltd	320,989,027	7.30%
2	Lim & Tan Securities Pte Ltd	305,425,000	6.95%
3	DBS Vickers Securities (Singapore) Pte Ltd	227,443,000	5.17%
4	Raffles Nominees (Pte) Ltd	116,947,700	2.66%
5	OCBC Securities Private Ltd	105,399,155	2.40%
6	Phillip Securities Pte Ltd	98,517,048	2.24%
7	United Overseas Bank Nominees Pte Ltd	77,855,995	1.77%
8	Maybank Kim Eng Securities Pte Ltd	63,110,500	1.43%
9	RHB Securities Singapore Pte Ltd	58,004,000	1.32%
10	DBS Nominees Pte Ltd	55,662,563	1.27%
11	Chua Swee Gee	54,524,000	1.24%
12	Wong Chin Yong	54,000,000	1.23%
13	UOB Kay Hian Pte Ltd	42,952,000	0.98%
14	KGI Fraser Securities Pte Ltd	38,723,000	0.88%
15	Phua Meng Thong	34,000,000	0.77%
16	Low Woo Swee @ Loh Swee Teck	33,441,000	0.76%
17	Morgan Stanley Asia (Singapore) Securities Pte Ltd	32,603,000	0.74%
18	Lim Siew Hooi	25,518,000	0.58%
19	Lee Teck Gee	22,222,000	0.51%
20	Koh Beng Hong Michael	22,000,000	0.50%
		1,789,336,988	40.70%



Statistics of Shareholdings

As At 28 March 2016

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

No.	Name	Direct Interest	Deemed Interest	Percentage
1	Joseph Isaac Gutnick ⁽¹⁾	2,220,000	300,000,000	6.87%
2	Jollyboat Management Ltd ⁽²⁾	–	300,000,000	6.82%
3	Rubic Prize Limited	300,000,000	–	6.82%
4	Foo Ngan Seng ⁽³⁾	–	295,318,000	6.72%
5	Clear Water Development Sdn Bhd ⁽⁴⁾	–	268,487,800	6.11%

Note:

- (1) Mr. Joseph Isaac Gutnick owns 100% of Jollyboat Management Ltd.
- (2) Jollyboat Management Ltd deemed interest was pursuant to a sale & purchase agreement.
- (3) The shares are held under nominee account.
- (4) Clear Water Development Sdn Bhd deemed interest is due to assignment of shares.



Statistics of Warrant Holdings

As At 28 March 2016

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings			No. of Warrant Holders	Percentage	No. of Warrants	Percentage
1	–	99	2	0.14	47	0.00
100	–	1,000	13	0.90	6,905	0.00
1,001	–	10,000	226	15.63	1,529,309	0.33
10,001	–	1,000,000	1,152	79.67	162,288,026	34.84
1,000,001 and above			53	3.66	301,959,535	64.83
			1,446	100.00	465,783,822	100.00

TOP TWENTY WARRANT HOLDERS

No.	Name	No. of Warrants	Percentage
1	Lim & Tan Securities Pte Ltd	75,618,000	16.23
2	DBS Vickers Securities (S) Pte Ltd	27,730,000	5.95
3	Raffles Nominees (Pte) Ltd	21,520,000	4.62
4	Wong Chin Yong	19,500,000	4.19
5	Low Woo Swee @ Loh Swee Teck	11,147,000	2.39
6	RHB Securities Singapore Pte Ltd	10,858,000	2.33
7	Tok Boon Seong	8,022,000	1.72
8	Phillip Securities Pte Ltd	7,360,010	1.58
9	United Overseas Bank Nominees (Pte) Ltd	7,112,525	1.53
10	Gan Eng Thye	6,831,000	1.47
11	Khoo Hwee San	6,000,000	1.29
12	UOB Kay Hian Pte Ltd	5,020,000	1.08
12	Tan Ong Huat	5,000,000	1.07
13	Lee Teck Gee	4,854,000	1.04
15	Khoo Thomas Clive	4,700,000	1.01
16	Tan Jui Yak	4,096,100	0.88
17	Maybank Kim Eng Securities Pte Ltd	3,807,500	0.82
18	Lee Siew Eng	3,800,000	0.82
19	OCBC Securities Private Ltd	3,610,000	0.78
20	Chik Chooi Wah	3,500,000	0.75
		240,086,135	51.55



INNOPAC HOLDINGS LIMITED

(Company Registration No.: 197301788K)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the Company will be held at Ibis Singapore On Bencoolen, Level 1 Jasmine 1 & 2, 170 Bencoolen Street, Singapore 189657, on 29 April 2016 at 11.00a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Financial Statements for the financial year ended 31 December 2015 together with the Auditors' Report thereon. [Resolution 1]
2. To pass the following resolutions on the recommendation of the Nominating Committee and endorsement of the Board of Directors in respect of appointment of Directors:
 - (a) "That Dato' Moehamad Izat Bin Achmad Habechi Emir, who will retire pursuant to Section 153(6) of the Companies Act, Chapter 50 which was in force immediately before 3 January 2016, be and is hereby re-appointed as a Director of the Company." [See Explanatory Note (i)] [Resolution 2a]
 - (b) "That Dr Arslan Koichiev, who will retire by rotation pursuant to Clause 106 of the Constitution of the Company and who, being eligible, has offered himself for re-election, be and is hereby re-appointed as a Director of the Company." [Resolution 2b]
3. To approve the payment of Directors' fees of up to S\$150,000 for the year ending 31 December 2016. [2015: S\$125,000] [Resolution 3]
4. To re-appoint Messrs Moore Stephens LLP, Public Accountants and Chartered Accountants, as Auditors and to authorise the Directors to fix their remuneration. [Resolution 4]
5. To transact any other business.

AS SPECIAL BUSINESS

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

6. Authority to Directors to issue Shares [Resolution 5]

"That pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares or convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:-

 - (i)
 - (a) the aggregate number of shares and convertible securities to be issued on a pro rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares in the capital of the Company as calculated in accordance with sub-paragraph (ii) below; and
 - (b) the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company as calculated in accordance with sub-paragraph (ii) below;



- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for:–
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and
 - (c) any subsequent consolidation or subdivision of shares;
 - (iii) 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 (ii)]
7. Authority to issue shares under the Innopac Share Option Scheme and the Innopac Performance Share Scheme [Resolution 6]

“That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company to the holders of options and awards granted by the Company under the Innopac Share Option Scheme and the Innopac Performance Share Scheme respectively (collectively known as the “Schemes”) established by the Company upon the exercise of such options or vesting of such share awards in accordance with the terms and conditions of the Schemes provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Schemes shall not exceed 15% of the total number of the issued shares in the capital of the Company from time to time.” [See Explanatory Note (iii)]

BY ORDER OF THE BOARD

STANLEY CHU KAM PO
Company Secretary

Singapore, 14 April 2016

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS TO BE PASSED

- (i) *Dato’ Moehamad Izat Bin Achmad Habechi Emir (“Dato’ Izat”) who is over the age of 70 was re-appointed under Section 153(6) of the Companies Act (the “Act”) at the last Annual General Meeting (“AGM”). Section 153(6) of the Act was repealed when the Companies (Amendment) Act 2014 come into effect on 3 January 2016. Upon him being re-appointed at this AGM, going forward, Dato’ Izat will no longer be subjected to shareholders’ approval under Section 153(6) of the Act since it has been repealed. He will then be subjected to retirement by rotation under the Company’s Constitution.*
- (ii) *Resolution 5, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue new shares not exceeding 50% of the total number of the issued shares in the capital of the Company. For issue of shares, other than on a pro rata basis to shareholders of the Company, the aggregate number of shares to be issued shall not exceed 20% of the total number of issued shares in the capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company.*
- (iii) *Resolution 6, if passed, will empower the Directors of the Company, from the date of this AGM until the date of the next AGM, to allot and issue shares in the Company of up to a number not exceeding in total 15% of the total number of issued shares in the capital of the Company for the time being pursuant to the exercise of the options or the vesting of the awards under the Schemes.*



Notes:

1. *A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead.*
2. *A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the meeting but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies (Amendment) Act 2014
3. *Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.*
4. *A proxy need not be a member of the Company.*
5. *A corporation, which is a member of the Company, may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.*
6. *The instrument appointing a proxy must be deposited at the registered office of the Company, at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 not less than 48 hours before the time appointed for holding the meeting.*

PERSONAL DATA PRIVACY

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

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INNOPAC HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 197301788K)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies (Amendment) Act 2014 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them. They should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2016.

I/We _____, (NRIC/Passport No.) _____
of _____

being a member/members of **Innopac Holdings Limited** (the “Company”), hereby appoint:-

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 42nd Annual General Meeting (the “Meeting”) of the Company to be held on 29 April 2016, at 11.00a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions	For	Against
1.	Adoption of the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2a	Re-appointment of Dato’ Moehamad Izat Bin Achmad Habeche Emir as Director		
2b	Re-election of Dr Arslan Koichiev as Director		
3.	Approve payment of Directors’ fees of up to S\$150,000 for the year ending 31 December 2016		
4.	Re-appointment of Auditors and fixing their remuneration		
5.	Authority to Directors to issue shares		
6.	Authority to issue shares under the Innopac Share Option Scheme and Innopac Performance Share Scheme		

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

Dated this _____ day of _____ 2016.

Total number of shares in	No. of Shares
1. CDP Register	
2. Register of Members	

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

IMPORTANT : PLEASE READ NOTES OVERLEAF

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), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless the member specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary is entitled to appoint more than 2 proxies to attend, speak and vote at the meeting but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies (Amendment) Act 2014
5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 at least forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies shall be in writing and signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised by the corporation.
7. Where an instrument appointing a proxy 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.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
9. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time set for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
Postage
Stamp

The Company Secretary
Innopac Holdings Limited
190 Middle Road
#19-07 Fortune Centre
Singapore 188979

Fold here



InnoPac

INNOPAC HOLDINGS LIMITED

190 Middle Road
#19-07 Fortune Centre
Singapore 188979
Tel : 6222 1841
Fax : 6222 6526

www.innopacific.com