



SUBSTAINABILITY.
GROWTH.
CONFIDENCE.

Sinwa Limited Annual Report 2014





ABOUT SINWA LIMITED

With a history that dates back to the 1960s, Sinwa Limited is Asia Pacific's leading marine, offshore supply and logistics company servicing the marine and offshore industry in Singapore, China, Thailand and Australia.

Sinwa Group is certified by ISO 9001, ISO 14001, OHSAS 18001 and bizSAFE (Level Star).

VISION AND VALUES

Sinwa Group is dedicated to provide professionalism in marine ship-supply, offshore business and logistics services to all our customers.

We are committed to meet customers' requirements by adopting the strategy of:

- + **Fast Response**
- + **Personalised & Reliable Service**
- + **Best-in-Class Products**
- + **Competitive Prices**

Sinwa Group is committed to be our customers' premier total solutions provider. We strive to deliver consistent product quality at competitive prices and our dedicated team is contactable round-the-clock to serve you.

CONTENTS

01	Sinwa at a Glance	11	Key Executives
02	Our Asia Pacific Network	11	Group Consultant
05	Chairperson's Statement	13	Corporate Structure
06	Financial Highlights	14	Corporate Information
07	Operations and Financial Review	15	Corporate Social Responsibility
10	Board of Directors		

SINWA AT A GLANCE

A PASSION FOR OUR PRODUCTS

We supply a wide range of ships' stores and equipment to ships, oil rigs and their crew.



MARINE & OFFSHORE SUPPLY

Supply of Deck & Engine Stores, Provisions, Drydock Assistance and Catering to the Marine & Offshore Industry



ANCHORS, ANCHOR CHAINS & ROPES

Stockist of Anchors & Anchor Chains. Supply, Repair and Installation of Deck Fittings, Vent Heads, Bollards, Winches and Panama Chocks



LOGISTICS & AGENCY

General Shipping Agency Service, Warehousing and Freight Forwarding



WOLF SAFETY LAMPS

Sole Agent and Distributor of Wolf Explosion Proof Safety Lighting for South East Asia

Qualities of the Sinwa Brand

Over 50 years
of strengthening our track record

Presence in
4 countries:
Singapore, China, Thailand and Australia

Network spanning
12 major locations
within the region

Delivering premium service to
more than 100 key ports

OUR ASIA PACIFIC NETWORK

WE COVER MORE THAN

100 ports **from 12** LOCATIONS IN SINGAPORE, CHINA, THAILAND AND AUSTRALIA.



- | | |
|-------------|-------------|
| ● Singapore | ● Guangzhou |
| ● Perth | ● Tianjin |
| ● Karratha | ● Qingdao |
| ● Darwin | ● Dalian |
| ● Hong Kong | ● Zhoushan |
| ● Shanghai | ● Thailand |

SINGAPORE

Sinwa (Singapore) Pte Ltd

Sinwa Singapore is the head office of the Sinwa Group. In Singapore, the office and warehouses are conveniently located nearby major shipyards and terminals. Sinwa Singapore carries a complete and comprehensive inventory of ship stores, provisions and bonded stores.

Email: sinwa@sinwaglobal.com

Ports/Shipyards: Singapore, Kuala Lumpur, Pasir Gudang, Tanjung Pelapas, Penang, Port Klang

Services: ●●●●

Sinwa Offshore Pte Ltd

Sinwa Offshore specialises in the supply of anchors, anchor chains, ropes and heavy deck fittings such as bollards and panama chocks.

Email: offshore@sinwaglobal.com

Ports/Shipyards: Singapore, Kuala Lumpur, Pasir Gudang, Tanjung Pelapas, Penang, Port Klang

Services: ●

Windsor Marine Pte Ltd

Besides dealing with marine and offshore supplies, Windsor Marine is the sole distributor and stockist of Wolf Safety Lamps for Singapore, Malaysia and Indonesia.

Email: supply@windsormarine.com.sg

Ports/Shipyards: Singapore, Kuala Lumpur, Pasir Gudang, Tanjung Pelapas, Penang, Port Klang

Services: ●

Seafirst Marine Services Pte Ltd

Seafirst offers logistics, warehousing and agency services to the marine & offshore industry, specialising in project logistics.

Email: logistics@sinwaglobal.com & seafirst@sinwaglobal.com

Ports/Shipyards: Singapore, Kuala Lumpur, Pasir Gudang, Tanjung Pelapas, Penang, Port Klang

Services: ●●●

AUSTRALIA

PERTH

Sinwa Australia Pty Limited

(formerly Sinwa IMES Pty Ltd)

Email: australia@sinwaglobal.com

Ports/Shipyards: Perth, Albany, Broome, Bunbury, Esperance, Fremantle, Geraldton, Kwinana, Onslow, Port Hedland, Port Walcott, Wyndham Services: ●●●●

KARRATHA

Sinwa Australia Karratha

Email: australia@sinwaglobal.com

Ports/Shipyards: Karratha, Dampier

Services: ●●●●

DARWIN

Sinwa Australia Darwin

Email: australia@sinwaglobal.com

Ports/Shipyards: Darwin

Services: ●●●●

CHINA

HONG KONG

Sinwa Hong Kong

Email: hongkong@sinwaglobal.com

Ports/Shipyards: Hong Kong

Services: ●●●●●

SHANGHAI

Sinwa Marine Services (Shanghai) Co.

Email: shanghai@sinwaglobal.com

Ports/Shipyards: Shanghai, Changzhou, Chongming Isl., Nantong, Ningbo Zhenhai, Taizhou, Yangzhou, Zhenjiang, Changshu, Changxing Island, Jiangyin, Nanjing, Taicang, Wenzhou, Zhangjiagang

Services: ●●●●●

GUANGZHOU

Sinwa Marine Services (Guangzhou) Co., Ltd

Email: southchina@sinwaglobal.com

Ports/Shipyards: Guangzhou, Beihai, Chiwan, Dongguan, Haikou, Huizhou, Nansha, Shanzhen, Wenzhou, Basuo, Boluomiao, Fangshen, Huangpu, Mawan, Shekou, Wenchong, Zhanjian

Services: ●●●●●

TIANJIN

Sinwa Marine Services (Tianjin) Pte Ltd

Email: tianjin@sinwaglobal.com

Ports/Shipyards: Tianjin, East Port, Jing Tang, QingHuangDao, South Port, Xin Gang Yard, Xin Gang, Cao Fei Dian, Huang Hua Port, North Port, Shanhaiguan, Shen Bao Wang, Wu Zhou Port

Services: ●●●●●

QINGDAO

Sinwa Marine Services (Qingdao) Pte Ltd

Email: qingdao@sinwaglobal.com

Ports/Shipyards: Qingdao, Lanshan, Longkoa, Weihai, Beihai, Lingshan, Rizhao, Yantai

Services: ●●●●●

DALIAN

Sinwa Marine Services (Dalian) Pte Ltd

Email: dalian@sinwaglobal.com

Ports/Shipyards: Dalian, Bayuquan, DanDong, Jinzhou, Dalian Cosco, Dalian Shipyard, Dalian Dayaowan

Services: ●●●●●

ZHOUSHAN

Sinwa Marine Services (Zhoushan) Co., Ltd

Email: zhoushan@sinwaglobal.com

Ports/Shipyards: Zhoushan, Ningbo, Beilun

Services: ●●●●●

THAILAND

THAILAND

Sinwa (Thailand) Ltd.

Email: patrice@sinwaglobal.com

Areas of Service: Bangkok, Songkla, Sattahip

Services: ●●●●●

● Deck & Engine Stores

● Logistics

● Wolf Safety Lamps

● Provisions

● Agency

● Bonded Stores

● Anchors & Anchor Chains

OPPORTUNITIES

+

CUSTOMERS

=

SUBSTAINABILITY

Our vision for the future is to become the solution provider of choice in the marine offshore supply and logistics industry. We are always looking beyond the horizon for opportunities to better serve our customers and to expand our customer base.

\$154.3m

(+10.7%)

Revenue

\$37.2m

(+8.0%)

Gross Profit

\$9.2m

(+41.1%)

Net Profit

5.9%

(+25.5%)

Net Profit Margin



CHAIRPERSON'S STATEMENT

Dear Shareholders,

FINANCIAL REVIEW

For the financial year ended 31 December 2014 ("FY2014") the Group's revenue recorded a healthy growth of 10.7% year on year ("y-o-y") to S\$154.3 million, which is most encouraging and notable, considering that the general marine and shipping industry is still struggling to recover from excess tonnage and industry low chartering rates. Net profit attributable to equity holders, increased by 24%, to S\$8.4 million. Our financial position strengthened significantly over the previous four years. We further reduced our debt level from S\$8.7 million to S\$3.3 million, and as at 31 December 2014, the Group's had accumulated net cash and cash equivalents of S\$24.8 million.

SHIP SUPPLY AND LOGISTICS BUSINESS

Marine and Offshore Supply business remained our core revenue generator, contributing 96% of the Group's revenue. Our Agency and Logistics business recorded strong revenue growth of 22% from S\$4.0 million in FY2013 to S\$4.9 million in FY2014. The bulk of our Logistics growth is from our Australia operations.

Our Australian operations have grown steadily as we continue to focus on our core Marine, Offshore Supplies and Logistics businesses to better serve the Australian offshore, oil and gas industry. Sales revenues are up 8.6% to S\$34.7 million in FY2014 compared with S\$31.9 million in FY2013.

DISPOSAL OF OFFSHORE VESSELS

During the year, we disposed of our Anchor Handling Tug (AHT), Go Emerald, for total cash proceeds of US\$5.5 million. We have since utilised these proceeds to pay for a special dividend of 1.25 cents per ordinary share to reward our shareholders for their continued loyalty.

OUTLOOK AND PROSPECTS

China's slowing growth and demand for commodities have caused excess tonnage, especially in container ships and bulk carriers. This excess tonnage have depressed shipping charter rates to an all-time low. On the other hand, we are witnessing fairly significant orders for the building of clean product tankers and LNG/LPG vessels by some of the major ship-owners, giving rise to cautious optimism that an upturn of demand for such vessels may be looming just over the horizon, and hopefully, for the entire shipping industry as well.

The offshore industry is currently feeling the effects of low oil prices, with our offshore customers becoming increasingly prudent on their expenditures. However, we expect the broad shipping market in general to continue to inch upwards as lower oil prices gradually reduces operating costs and boost global trade.

Going forward, we will continue focusing on our core business in Singapore, Australia, Thailand and China, and to further extend our geographic reach, in new and emerging opportunities in the Asia Pacific region.

Barring any unforeseen circumstances, we remain cautiously optimistic for the Group to remain profitable for FY2015.

PROPOSED DIVIDENDS

The Board has recommended a final dividend of 0.5 cents per share. During the year, the Group paid an interim dividend of 0.5 cents per share and, from the proceeds of the sale of the AHT, Go Emerald, a special dividend of 1.25 cents per share. Overall, with the addition of this final dividend, Sinwa would have paid out a total of 2.25 cents per share for the year. Excluding the special dividend of 1.25 cents per share, this represents a generous dividend payout ratio of about 40%, based on basic earnings per share of 2.5 cents in FY2014.

APPRECIATION

I would like to acknowledge the excellent dedication of our team of management and staff at Sinwa for their unyielding commitment, tenacity and passion. All of you have played a significant part in the smooth and successful operations of the Group, and I thank each and every one of you for your contribution.

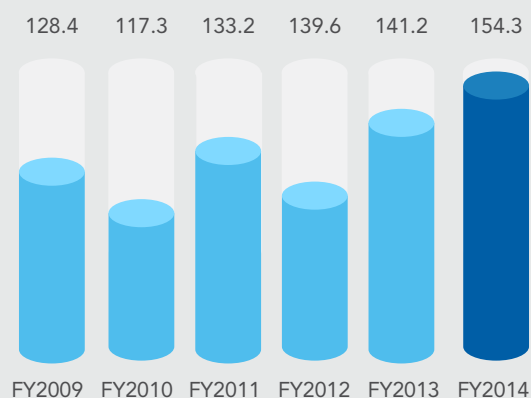
I would also like to thank our shareholders, partners, suppliers, customers and business associates for their confidence and unwavering trust in us throughout the years. I look forward to many more years of partnership to follow.

TAN LAY LING

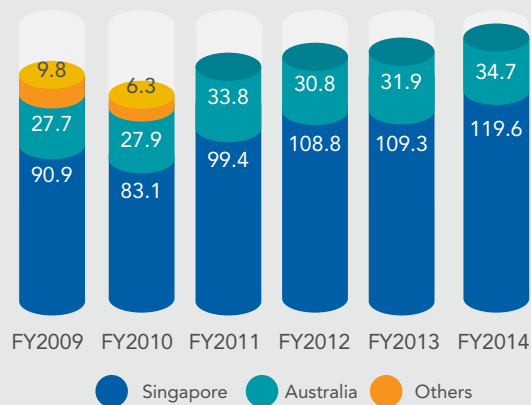
Executive Chairperson

FINANCIAL HIGHLIGHTS

REVENUE (\$MIL)

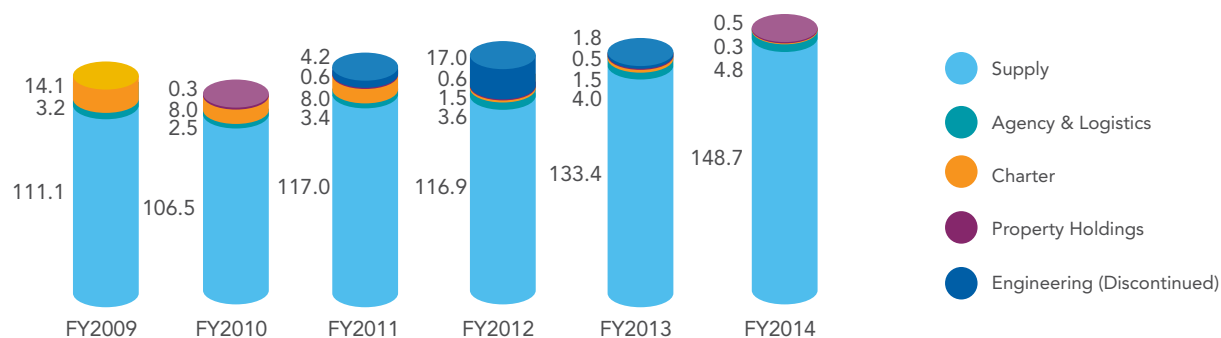


REVENUE - GEOGRAPHICAL SEGMENTS (\$MIL)

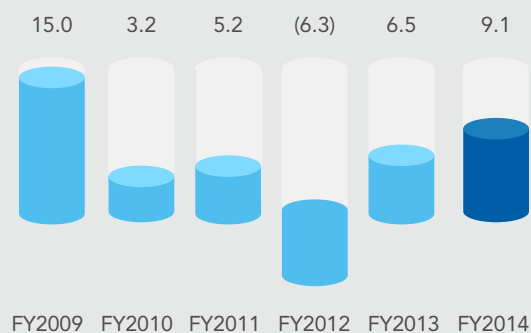


REVENUE - GEOGRAPHICAL SEGMENTS

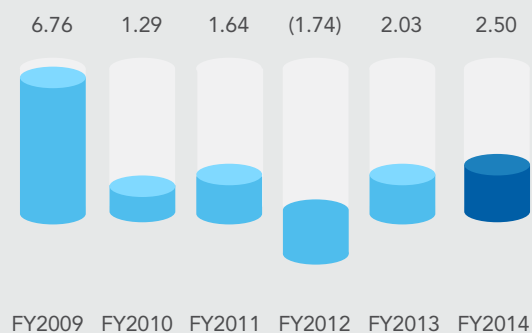
(\$MIL)



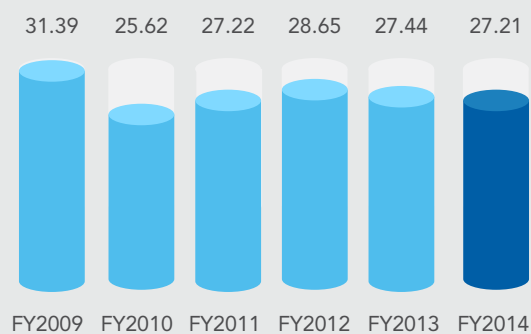
NET PROFIT (\$MIL)



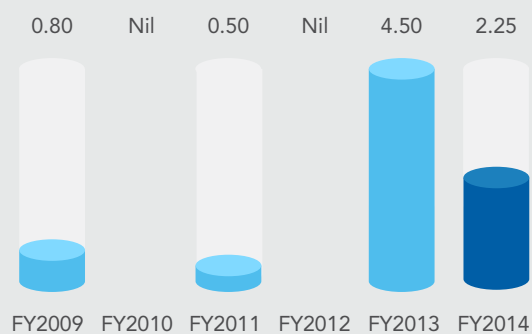
EARNING PER SHARE (CENTS)



NET ASSETS VALUE PER SHARE (CENTS)



DIVIDEND PER SHARE (CENTS)



OPERATIONS AND FINANCIAL REVIEW



MARINE, OFFSHORE SUPPLY AND LOGISTICS

Marine, offshore supply and logistics continue to be the heart of Sinwa's business. Currently, our geographical presence includes Singapore, the People's Republic of China (including Hong Kong), Thailand and Australia. In these locations, we differentiate ourselves from our peers by providing a comprehensive suite of services including agency, logistics and warehousing to our customers. To provide ease and convenience for our customers, our aim is to become a one-stop solution for all their shipping needs. Apart from the above-mentioned countries, we are exploring opportunity to expand our geographic coverage and extending the marine, offshore supply and logistic business regionally.

The comprehensive range of services we provide in this niche industry, topped with our timely, reliable and quality services, placed us in a position to receive continuous support from our long term customers. Our strong and reliable brand name, Sinwa, which we have built over the last five decades shone brightly as we continue to secure new clients. The Group is pleased to announced on 3 July 2014 on the incorporation of Sinwa (Thailand) Ltd, a subsidiary in Thailand.

Apart from expanding in our area of operations, we further leveraged on our prestige brand name to facilitate the entrenchment of expansion our core business into the offshore oil and gas market. Working with our major customer, Sodexo Singapore, we have targeted to synergise and further penetrate into the off shore vessels supply and logistic services market in Thailand to tap on the growing offshore market in the region.

In FY2014, the marine, offshore supply and logistic segment achieved revenue growth of 11.7% and profit for the year by 8.6% respectively. The growth was brought about by the diligent marketing efforts of our management, as well as our continuous endeavour to streamline our operations in order to optimise our profitability.

The marine, offshore supply and logistics business will remain as the key contributor to the bulk of our revenue and contributed 99.5% of our total revenue.

2014 HIGHLIGHTS

The Group achieved a record revenue increase of 10.7% to \$154.3 million in FY2014 on the back of growth in the core business

Improved balance sheet with gearing dropped to 4% and cash holding grew to S\$24.8million as at 31 December 2014

Total special and interim dividends of \$0.0175 paid out during the year and proposed a final dividend of \$0.005



STRONG PERFORMANCE

+

REGIONAL PRESENCE

=

GROWTH

Our consistently strong performances have generated a powerful growth momentum for Sinwa in going forward. We have the operational capability, the geographic presence and the support of our loyal customers to drive our momentum to realise our vision.

more than
100 ports

from
12 offices

in
4 countries

OPERATIONS AND FINANCIAL REVIEW



FINANCIAL PERFORMANCE

REVENUE

For the year ended 31 December 2014, The Group achieved a record revenue of \$154.3 million, which is 10.7% higher than \$139.4 million in the previous year. The increase in revenue was mainly due to higher revenue contribution from the marine and offshore supply business in Singapore and Australia.

MARINE AND OFFSHORE SUPPLY

Marine Supply revenue for the Group increased 11.4% yoy from S\$133.4 million to S\$148.6 million in FY2014. The increase in sales was mainly due to increase in customer base and the increase in sales volume to existing customers.

AGENCY AND LOGISTICS

Agency and logistics revenue gained 22.0% yoy from S\$4.0 million to S\$4.9 million. The bulk of our Logistics growth was due to our Australia operations.

PROFITABILITY

Overall gross profit increased from S\$34.4 million in FY2013 to S\$37.2 million in FY2014 on the back of a slightly improved gross profit of 8.1% as well as the enhanced customer base and increase in sale volume to existing customers.

Financial Position	2014	2013
Trade receivables turnover days	92	94
Inventory turnover days	13	17
Current asset/liabilities	3.03	2.30
Gearing Ratio (Total Borrowings/Total Equity)	0.04	0.10

Our trade receivables turnover days improved to 92 mainly as a result of the Group's diligent efforts on the collection of our debts.

Inventory turnover days significantly improved to 13 days as compared to last year's 17 days. This was achieved by monitoring our inventory level.

Current assets/current liabilities ratio has improved from 2.30 times to 3.03 times mainly due to repayment of the Group's short term borrowings during the year.

The Group's gearing ratio improved from 0.10 times to 0.04 times as a result of the repayment of borrowings and improved profitability.



BOARD OF DIRECTORS

TAN LAY LING

Executive Director and Executive Chairperson

Ms Tan was appointed as Executive Director of the Group in year 2002 and was re-designated as Executive Chairperson and appointed as member of Nominating Committee in October 2012.

Apart from over-seeing the strategic planning, operations and implementation of Board decisions for the Group, Ms Tan is directly involved in most aspects of the operations of the Singapore's companies.

She has more than 20 years' experience in this industry having served in different capacities during her tenure with the Group from IT Administrator to Operations Director.

Her past working experience included 6 years' service in the Ministry of Defence (MINDEF) as a military officer involved in logistics management and procurement of specialized training equipment.

Ms Tan obtained her Bachelor of Science (Computer Science) degree and Masters in Business Administration (MBA) from Oregon State University, USA.

BRUCE WILLIAM RANN

Executive Director and CEO

Mr Rann was appointed as the Managing Director of Sinwa Australia Pty Ltd, with effect from 15 March 2007. The 59-year old Australian is tasked with developing the Group's offshore and marine supply business in Australia.

Prior to his appointment with Sinwa, Mr Rann was the Offshore Operations Manager at a marine supply company based in Western Australia, where he was in charge of the overall shipping division including off shore and general shipping. He has been involved in the marine and offshore industry for over 20 years.

Mr Rann graduated with a Bachelor of Arts degree, with a double major in Economics and History, from West Australian Institute of Technology (now known as Curtin University of Technology) in 1975.

Mr Rann was appointed as CEO on 1 July 2011.

TIMOTHY SIM

Executive Director

Timothy was appointed as Executive Director on 22 May 2012 for Sinwa Group having previously helmed the Engineering division of Sinwa.

He holds a 2nd Upper Bachelor of Science degree in Management from the University of Manchester Institute of Science and Technology (UMIST) as well as an MBA from China Europe International Business School (CEIBS).

With 15 years of international management experience with MNCs as well as start-ups from across various industries,

he brings with him a strong and diverse marketing management background enriched by having lived abroad for several years in the UK, China and the United States.

HENG LEE SENG

Independent Director

Mr Heng is an Independent Director and Chairperson of the Audit Committee, member of the Nominating and Remuneration committees. He is also an independent director of some other listed companies.

Mr Heng is a partner of Heng Lee Seng LLP, Public Accountants and Chartered Accountants, Singapore since 1974. He is a member of CPA Australia, Association of Chartered Certified Accountants, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and Singapore Institute of Directors. He is a holder of the designation of CGMA (Chartered Global Management Accountant).

YEO NAI MENG

Independent Director

Mr Yeo is an Independent Director and the Chairperson of both the Nominating Committee and the Remuneration Committee. He is also a member of the Audit Committee.

Mr Yeo is currently the Managing Director of GPS Online Pte Ltd. He is also the Principal Consultant in Strategic Planning Services.

He has 45 years of working experience in Engineering, Tourism and Travel Industry and Information Technology. An engineer by training, he has a wealth of experience in the areas of Operations Management, Marketing and Strategic Planning. He presently devotes his time to development of Internet Marketing systems and consulting on Tourism Development.

WEE BOON CHYE

Independent Director

Mr Wee is an Independent Director and a member of the Audit, Nominating and Remuneration Committees.

Mr Wee is a business owner and has diverse interests specifically in the oil & gas, marine, resource and energy storage sectors. Currently he is the CEO of PT SSE-Vander Horst Indonesia, an engineering company that provides equipment & maintenance services for the upstream oil & gas activities. He is also the President of Battery Solutions International Indonesia, an affiliate of an international group that offers energy storage solutions that are environmentally friendly.

Mr Wee has a first degree in metallurgical engineering (Dipl-Ing/Germany) and post graduate qualifications in industrial engineering & business administration. He has 35 years of working experience. Prior to owning his own businesses, he had worked for local & foreign MNCs holding various senior appointments.

KEY EXECUTIVES & GROUP CONSULTANT

KEY EXECUTIVES

RICHARD ANG

Director, Purchasing

Richard was appointed as Purchasing Director on 7 May 2004. He is responsible for the sourcing and provision of reliable, quality supplies and services to our customers.

Prior to joining the Group he was the Marketing Manager of a marine supply company where he helped to develop the Greek and Scandinavian markets. His experience includes managing the logistics operations of a manufacturing organisation.

ALEXANDER M. VAN ZUYLEN

Director, Marketing

Alex moved to Asia Pacific in 1997 and has been working in the Marine & Offshore Service, Supply and Logistics Industry since.

Besides being employed with Sinwa from 2005-2011 previously, he has filled management positions for ranking multinationals such as SGX listed Swiber Offshore Ltd and Fortune 50 NYSE listed UPS Supply Chain Solutions. Originating from The Netherlands, his appointments have lead him to take up residence in Malaysia, Singapore and Mexico.

His management positions in Marine & Offshore supply companies IST Marine Services and Sinwa Singapore Pte Ltd have equipped him with profound insight and expertise in the Marine and Offshore Supply vertical. Well versed in International Logistics, Alex has made significant impact to cost control and bottom line performance of procurement and transportation projects for the Marine, Offshore and upstream Oil & Gas segment.

Returning to his roots, Alex re-joined Sinwa in January 2015 as Group Sales & Marketing Director.

GROUP CONSULTANT

SIM YONG TENG

Group Consultant

Mr Sim brings with him more than 45 years of marketing and corporate management expertise, of which 30 years are in the ship supply and logistics industry.

He was instrumental in charting the corporate direction of the Group as well as formulating business strategies during the past 30 years.

Through his past leadership and vision, he established Sinwa as the leading regional marine, offshore supply and logistics company with a network of companies in Singapore, China and Australia.

Mr Sim was President of Singapore Association of Ship Suppliers (SASS) from 1994 to 1998, and from 2002 to 2003, and was the first Asian to be elected to the Executive Board of the International Ship Suppliers Association as Executive Vice President from 1996 to 1998. He was also the Chairman of the School Advisory Committee for Commonwealth Secondary School from 1987 to 1996.

SUCCESS

+

ACHIEVEMENTS

=

CONFIDENCE

We are continuously making progress in doing better, becoming better and delivering better quality services to our customers. Our success and achievements over the years have given us the confidence to keep up the growth momentum and tap the abundant opportunities in the region.

\$8.4m

(+24%)

Net Profit Attributable
to Shareholders

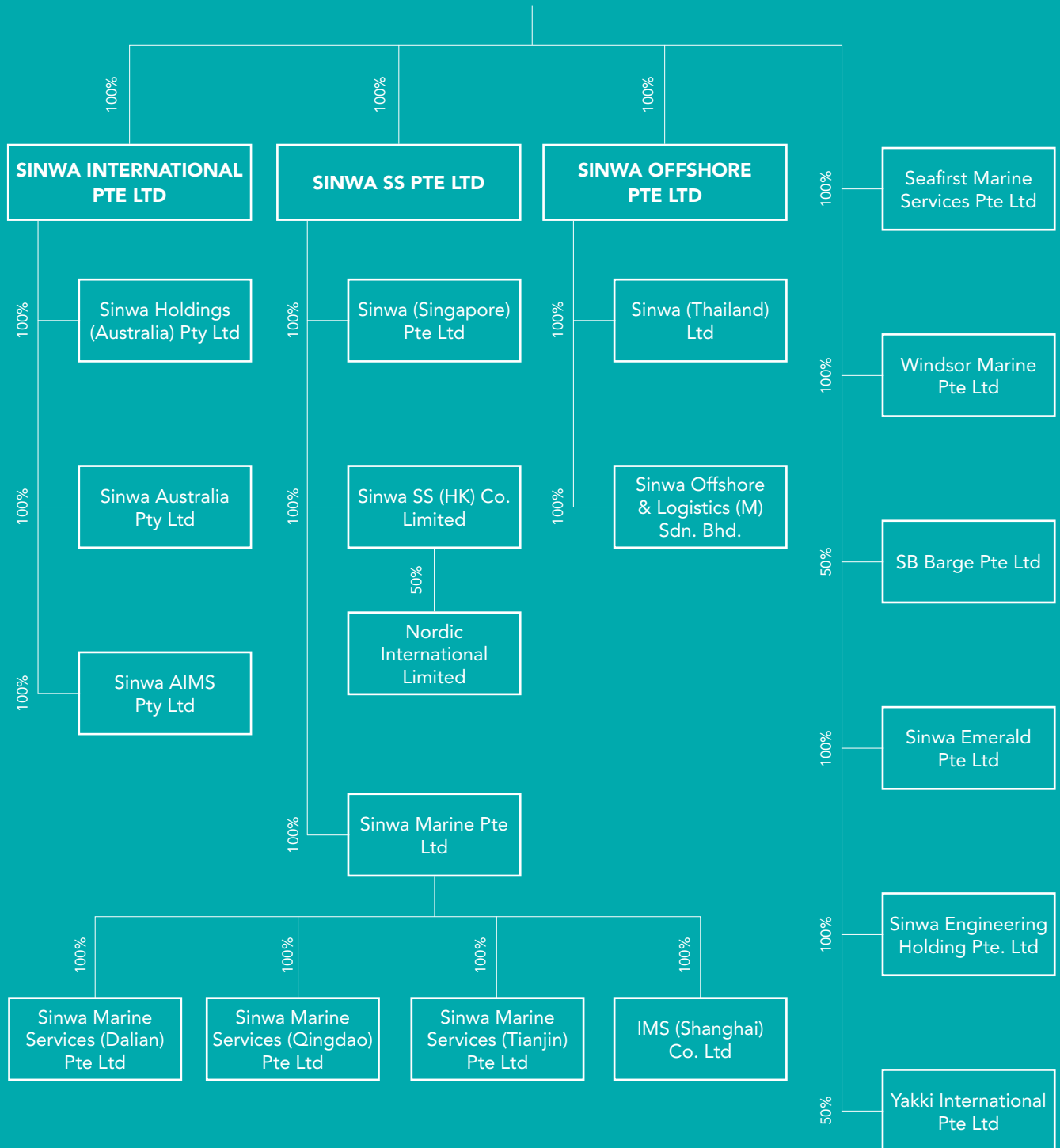
2.5 cents

(+>23.2%)

Basic Earning Per Share



CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS**TAN LAY LING**

(Executive Chairperson/Executive Director)

BRUCE WILLIAM RANN

(Chief Executive Officer/Executive Director)

TIMOTHY SIM LI-MENG

(Executive Director)

HENG LEE SENG

(Independent Director)

YEO NAI MENG

(Independent Director)

WEE BOON CHYE

(Independent Director)

COMPANY SECRETARY

CHEW KOK LIANG

AUDIT COMMITTEE

HENG LEE SENG (Chairperson)

YEO NAI MENG

WEE BOON CHYE

NOMINATING COMMITTEE

YEO NAI MENG (Chairperson)

HENG LEE SENG

WEE BOON CHYE

TAN LAY LING

REMUNERATION COMMITTEE

YEO NAI MENG (Chairperson)

HENG LEE SENG

WEE BOON CHYE

REGISTERED OFFICE

28 Joo Koon Circle

Singapore 629057

Tel: +65 6862 6300

Fax: +65 6862 8300

Email: sinwa@sinwaglobal.com

Website: www.sinwaglobal.com

SHARE REGISTRAR

Tricor Barbinder Share

Registration Services

80 Robinson Road #02-00

Singapore 068598

AUDITORS

BDO LLP

21 Merchant Road #05-01

Singapore 058267

Partner-in-charge:

AW VERN CHUN PHILIP

(appointed since 2011)

PRINCIPAL BANKERS

United Overseas Bank Limited

80 Raffles Place

UOB Plaza

Singapore 048624

Oversea-Chinese Banking Corporation Limited

65 Chulia Street

OCBC Centre

Singapore 049513

CORPORATE SOCIAL RESPONSIBILITY



Sinwa Limited places great emphasis on Corporate Social Responsibility ("CSR") and despite growing into a MNC over the past five decades, we continue to integrate CSR in everything we do. Even as we continue to expand our business, we remain proactive to ensure that the CSR values remain deeply rooted within our daily activities through ethical management. We will continue to endeavour towards developing good corporate citizenship and encourage our people to participate in our CSR initiatives.

OCCUPATIONAL HEALTH AND SAFETY

We are always looking to improve health and safety standards in order to minimize risk of accidents, injuries and illness to our employees as well as people we work with. Our operations are closely monitored and reviewed by our appointed safety officers, who ensure all employees comply to the codes of practice and safety procedures they have set out. Our emphasis on promoting workers' health and improving occupational safety has resulted in low level of accidents in our workplace and we will continue to uphold our mandate to target zero injuries and fatalities amongst our workforce.

COMMUNITY ENGAGEMENT

We are mindful that our successes are tied to the prosperity of Singapore and her ports. We believe in giving back to the community as much as we can. Since 2011, we have partnered with Bizlink Centre, a Non-Profit Organisation that provides employment services for disadvantaged people. We engaged Bizlink Centre for data entry works on a regular basis and remained till this day satisfied with their services.

Bizlink Centre was in 1985 entrusted by then Ministry of Community Development and Singapore Council of Social Service to implement employment aid programs. We assent to their mission statement, "To reach out to people with disabilities in Singapore and to assist them in achieving independence, dignity and integration into mainstream society through open and sheltered employment" and are proud to be associated with their quest.

Sinwa will continue to seek ways to participate in meaningful initiatives in making positive differences to the community.





CORPORATE GOVERNANCE REPORT

Sinwa Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), are committed to setting in place corporate governance practices to provide the structure through which the objectives of protecting the shareholders’ interests and enhancing long-term shareholders’ values are met.

This report outlines the Company’s corporate governance structures and practices that took place during the year with specific reference to the revised Code of Corporate Governance 2012 (the “**Code**”).

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 Management to achieve this objective and Management remains accountable to the Board.

The Board of Directors (the “**Board**”) comprises six Directors of whom three are Executive Directors and three are Independent Directors. Their combined wealth and diversity of experience will enable them to contribute effectively to the strategic growth and governance of the Group.

Tan Lay Ling	Executive Chairperson and Executive Director
Bruce William Rann	Chief Executive Officer (“ CEO ”) and Executive Director
Sim Li-Meng Timothy (Shen Liming)	Executive Director
Heng Lee Seng	Independent Director
Yeo Nai Meng	Independent Director
Wee Boon Chye	Independent Director

The principal functions of the Board, apart from its statutory and fiduciary responsibilities, include:

- formulating the Group’s long-term corporate strategy and objectives
- ensuring proper controls in financial and human resources to achieve sustainability
- evaluating the adequacy of internal controls, risk management, and compliance by conducting enterprise risk management
- reviewing and approving the Group’s annual budgets and strategic plans
- monitoring achievement of the Group’s objectives
- overseeing the management of the Group’s business affairs
- conducting periodic review of the Group’s financial performance

The following matters require Board’s approval:

- undertaking or participation of any mergers and acquisitions
- making capital investments
- declaration of dividends
- release of the Group’s quarterly, half-yearly and full year results
- approval of interested persons’ transactions
- appointment of new Directors

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board meets regularly on a quarterly basis. Additional meetings are also held at such other times as and when required to address any significant matters that may arise. The Company’s Articles of Association (the “**Articles**”) provide for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication via electronic or telegraphic means. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction.

CORPORATE GOVERNANCE REPORT

During the year under review, the number of Board meetings held and the attendance of each Board member is as follows:

Name of Director	Number of Board Meetings held	Attendance
Tan Lay Ling (Executive Chairperson)	5	5
Bruce William Rann	5	5
Sim Li-Meng Timothy (Shen Liming)	5	5
Heng Lee Seng	5	5
Yeo Nai Meng	5	5
Wee Boon Chye	5	4

To enable the Board to fulfill its responsibilities, Management provides the Board with a management report containing complete, adequate and timely information prior to Board meetings. The Directors, whether as a group or individually, have the opportunity to meet with the Management to gain a better understanding of the Company's business operations.

To assist the Board in the execution of its responsibilities, the following Committees were established:

1. Nominating Committee ("NC")
2. Remuneration Committee ("RC")
3. Audit Committee ("AC")

These Committees, which operate within clearly defined terms of reference, play an important role in ensuring good corporate governance in the Company and within the Group. These terms of reference are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each Committee is also constantly monitored.

Directors receive appropriate induction training and coaching to develop individual skills as required. The Group provides extensive background information about its history, mission and values to its Directors. The Company also provides ongoing education on Board processes and best practices. Directors also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations.

New Directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from Singapore Exchange Securities Trading Limited ("SGX-ST") that affect the Company and/or the directors in discharging their duties.

The Company has adopted a policy where directors are encouraged to make enquiries on any aspects of the Company's operations or business issues from the management. The Chairperson or the CEO or the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations required.

Directors also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of the business operations.

Board Composition and Guidance

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

The Board comprises six Directors, three of whom namely Mr. Heng Lee Seng, Mr. Yeo Nai Meng and Mr. Wee Boon Chye are independent. The Board has adopted the Code's criteria of an Independent Director in its review and is of the view that all Independent Directors have satisfied the criteria of independence. The Board considers a Director as "independent" if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement in conducting the affairs of the Group. With one-half of the Directors deemed to be independent, the Board is able to exercise independent judgement in the conduct of the Group's affairs and thus enabling Management to benefit from a diverse and objective external perspective on issues raised before the Board.

CORPORATE GOVERNANCE REPORT

The NC had conducted rigorous review on the independence of Mr Heng Lee Seng (appointed on 3 January 2003) and Mr Yeo Nai Meng (appointed on 19 April 2005) who had served the Board beyond 9 years. The relevant factors take into consideration of the independence of Mr Heng Lee Seng and Mr Yeo Nai Meng are set out under Principle 4 in page 20.

The Board comprises of Directors who possess the core competencies, experience and knowledge in business, finance and management skills critical to the Group's business and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The Board regularly examines its size and, with a view to determine the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself taking into account the scope and nature of the Company's operations. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position.

Non-Executive and Independent members of the Board exercise no management functions but have equal responsibility for the performance of the Group, the role of the Non-Executive and Independent Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and take account of the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Non-Executive and Independent Directors have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of the Directors. The Non-Executive and Independent Directors meet regularly without the presence of Management to discuss and facilitate a more effective check on the Management.

The Board is of the opinion that the current composition of six Directors is sufficient to serve the needs of the Group taking into account the scope and nature of its operations.

Chairperson and Chief Executive Officer

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

The Company has a separate Chairperson and Chief Executive Officer to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making.

The Executive Chairperson of the Board is Ms. Tan Lay Ling. As the Executive Chairperson, Ms. Tan is responsible for, among others:-

- (a) the business direction and development of the Group;
- (b) to ensure that the directors receive complete, adequate and timely information between the Board, Management and shareholders of the Company;
- (c) encourages constructive relations within the Board and between the Board and Management;
- (d) facilitate the effective contribution of Non-Executive Directors;
- (e) set the agenda with the assistance of the Company Secretary, schedules Board meetings as and when required and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (f) promote a culture of openness and debate at the Board;
- (g) ensure effective communication with shareholders; and
- (h) promote high standards of corporate governance practices.

She is assisted by the CEO, Mr. Bruce William Rann. As the CEO, Mr. Rann oversees the day-to-day management of all line and staff operations for the Company and the Group, overall financial performance and the direct implementation of the policies for all aspects of the Company and the Group's operations as set out by the Board. He is to ensure that each member of the Board and the Management works well together with integrity and competency.

The CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairperson bears responsibility for the workings of the Board.

All major decisions made by the Board are subject to majority approval of the Board. The Executive Chairperson and CEO's performance and appointment to the Board are reviewed periodically by the NC and their remuneration packages are reviewed periodically by the RC. The Board therefore believes there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

CORPORATE GOVERNANCE REPORT

Board Membership

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

The Board established the NC which currently consists of the Executive Chairperson, Ms. Tan Lay Ling, and three Independent Directors, Mr. Yeo Nai Meng, Mr. Heng Lee Seng and Mr. Wee Boon Chye, with Mr. Yeo Nai Meng chairing the NC. The NC Chairperson is not associated in any way with the substantial shareholders of the Company. The responsibilities of the NC are, among other things, to evaluate and select the most competent individuals for nomination to the Board, assess the effectiveness of the Board as a whole and the contribution of each Director to the Board particularly when the Director has multiple listed company board representations and having regard to the director's contribution and performance. Candidates will be selected for their character, judgement, business experience and acumen.

The functions of the NC include the following:

- review the Board structure, size and composition;
- assess annually the effectiveness of the Board and Board Committees as a whole;
- evaluate the performance of the Board through the establishment of quantifiable performance criteria;
- review candidates' suitability and make recommendations for appointment to the Board;
- review and make recommendations on all re-nomination/re-election;
- review the independence of the Directors on an annual basis;
- decide whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company based on internal control guidelines such as attendance, contactability and responsiveness;
- review the board succession planning for Directors and CEO;
- assess the needs for Directors' training and review the training and professional development programs conducted for the Board.

The NC has the objective of searching for talent and expertise to enrich the Board and to strengthen the Management in the Group. Accordingly, the NC is charged with the responsibility of identifying, selecting and recommending candidates for Board memberships and key executive management positions. The NC is regulated by its term of references.

The number of NC meetings held and the attendance of each member at the meetings during financial year ended 31 December 2014 ("FY2014") are set out as follows:

Name of Director	Appointment	Number of meetings held	Attendance
Yeo Nai Meng (Chairperson)	Independent	1	1
Heng Lee Seng	Independent	1	1
Wee Boon Chye	Independent	1	1
Tan Lay Ling	Executive Chairperson	1	1

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

All directors, including the CEO, submit themselves for re-nomination and re-election at regular intervals of at least once every three years. As provided in the Company's Articles of Association (Article 107), one-third of the Directors (other than the Managing Director) is required to submit himself for re-nomination and re-election at least once every three years by rotation and all newly appointed Directors will have to retire at the next annual general meeting ("AGM") following their appointment. The retiring Directors are eligible to offer themselves for re-election.

The Board recognizes the contribution of its Independent Directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the Directors as necessary.

CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of each director are set out as below:

Name of Director	Position held on the Board	Date of first to the Board appointment	Date of last re-election as Director
Tan Lay Ling	Executive Chairperson	30 July 2002	24 April 2013
Bruce William Rann	CEO and Executive Director	18 June 2007	29 April 2014
Sim Li-Meng Timothy (Shen Liming)	Director	22 May 2012	24 April 2013
Heng Lee Seng	Director	3 January 2003	29 April 2014
Yeo Nai Meng	Director	19 April 2005	24 April 2013
Wee Boon Chye	Director	12 May 2011	25 April 2012

Each member of the NC shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC in respect to his re-nomination as a director.

The NC is also responsible for determining annually, the independence of Directors. The NC takes into account the circumstances set forth in Guidelines 2.3 and 2.4 the Code and any other salient factors. In considering the independence of Directors served the Board beyond 9 years, the Board and the NC has taken into consideration of the following factors:

- Experience and wealth of knowledge of the Independent Director brings to the Company.
- Attendance and participation in discussion and decision making process of the Board and Committees' Meetings.
- Constructive suggestions provide by the Independent Director to assist the Board and Management in resolving business and operational issues.
- Qualification and expertise of the Independent Director provides reasonable checks and balances for the Management to act as safeguard for the protection of Company's assets and shareholders' interest.
- The Independent Director has provided adequate attention and sufficient time has devoted to the proceedings and business of the Company.
- The Independent Director provides overall guidance to the Management.

In view of the above, the NC has recommended the re-election of Mr. Sim Li-Meng Timothy (Shen Liming) and Mr. Wee Boon Chye, who are retiring at the coming AGM.

The key information of the Directors such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other principal commitments, whether the appointment is executive or non-executive are disclosed in the section on particular of directors pursuant to the code of corporate governance of this annual report.

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 Board ensures compliance with applicable laws and Board members act in good faith, with due diligence and care and in the best interests of the Company and its shareholders.

The financial indicators set out in the Code as guides for evaluating Directors are, in the Company's opinion, more of a measure of Management's performance and hence are less applicable to Directors. In any case, such financial indicators provide a snapshot of a Company's performance, and do not fully measure the long-term wealth and value creation of the Company.

In line with the Code, the NC had formulated new evaluation procedures and adopted the new performance criteria for the assessment of the Board's performance as whole. In addition, the NC had established sets of performance criteria for the AC, RC and NC.

CORPORATE GOVERNANCE REPORT

It had conducted a Board performance evaluation for FY2014 together with the performance evaluation of AC, RC and NC. Renewals or replacement of Board members do not necessarily reflect their contributions to-date, but may be driven by the need to position and shape the Board in line with the needs of the Company and its businesses. Although the Directors are not evaluated individually, the factors taken into considerations for the re-nomination of the Directors are based on the Director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and condour) and any other factors as may be determined by the NC.

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.

In order to ensure that the Board is able to fulfill its responsibilities, the Management is required to provide complete, adequate and timely information to the Board on Group affairs and matters that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. Where a physical Board meeting is not possible, timely communication with Board members is effected through electronic mail and teleconferencing.

Management will brief Directors before seeking the Board's approval on any material and significant issues affecting the business of the Group. Any requests by Directors for further explanation, briefing on any aspect of the Group's operations or business are met with in a timely manner.

The Board has separate and independent access to the Management team, as well as to all Board and Board Committees minutes, resolutions and information. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

The Board has independent access to the Company Secretary, who provides the Board with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary or his representatives also attends the Board and Board Committees meetings and assists the Chairperson of the Board and Board Committees in ensuring that the relevant procedures are followed and reviewed such that the Board and Board Committees functions effectively. The decision to appoint or remove the Company Secretary is a decision made by the Board as a whole.

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 RC comprises of three independent Directors, Mr. Heng Lee Seng, Mr. Wee Boon Chye and Mr. Yeo Nai Meng, with Mr. Yeo Nai Meng chairing the RC. In discharging their duties, the members have access to advice from the internal human resources personnel. The RC has also access to expert advice in the field of executive compensation outside the Company where required.

The RC is regulated by its terms of reference and its key functions include:

- Reviewing and recommending to the Board a framework of remuneration and specific remuneration packages for all Directors of the Company;
- Reviewing the service contracts of the Executive Directors;
- Reviewing and enhancing the compensation structure with incentive performance base for key executives;
- Overseeing the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and Directors through competitive compensation and progressive policies; and
- Administering the Sinwa Share Option Scheme and Sinwa Share Plan.

CORPORATE GOVERNANCE REPORT

The number of RC meetings held and the attendance of each member at the meetings during FY2014 are set out as follows:

Name of Director	Appointment	Number of meetings held	Attendance
Yeo Nai Meng (Chairperson)	Independent	3	3
Heng Lee Seng	Independent	3	3
Wee Boon Chye	Independent	3	3

The Group's remuneration policy is to provide compensation packages which reward successful performance and to attract, retain and motivate Directors and key management personnel.

The RC recommends, in consultation with the Executive Chairperson, a framework of remuneration policy for key executives and Directors serving on the Board and Board Committees, and determines specifically the remuneration package for each Director of the Company. The RC considered relevant aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options, performance shares and benefits-in-kind. In addition, the RC also reviews the remuneration package of the key management personnel, where appropriate and necessary.

The RC's recommendations are submitted to the entire Board for approval. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. However, the RC, in considering the remuneration of all Directors, has not sought external advice nor appointed remuneration consultants.

The RC administers both the Sinwa Share Option Scheme and Sinwa Share Plan for the Company's executives, including its Directors and employees (the "**Schemes**"). Both Schemes will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The RC determines and approves the allocation of the share options and awards, the date of grant and the price thereof under the Schemes. Details of the Schemes are set out on pages 33 to 35 of this Annual Report.

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 sets out to provide compensation packages appropriate to attract, retain and motivate Directors and key management personnel required to manage the Group effectively.

In setting remuneration packages, the Company takes into consideration of the remuneration packages and employment conditions within the industry and in comparable companies as well as the Company's relative performance and the performance of individual Directors.

The Independent Directors are paid Directors' fees taking into accounts factors including but not limited to such as effort and time spent, contribution, and responsibilities of the Directors. The Directors' fees are recommended by the Board for approval at the Company's AGM.

The Executive Directors do not receive Directors' fees. The remuneration for the Executive Directors are tied to the performance of the Group. The service contracts of the Executive Directors are reviewed by the RC. The service contracts of the CEO and Executive Directors provide for termination by either party giving to other not less than 12 and 6 months respectively, written notice. The remuneration of the top key management personnel have already been reviewed prior to the release of the FY2012 annual report and no reviews are expected till FY2015.

The RC conducts an annual review of Directors' compensation to ensure that the remuneration of the Executive Directors and the key management personnel is commensurate with their responsibilities, skills, expertise and contribution to the Group without compromising the financial health of the Group.

CORPORATE GOVERNANCE REPORT

The Company has existing share schemes in place namely, the Sinwa Share Option Scheme and Sinwa Share Plan for the Company's executives, including its Directors and employees (the "**Schemes**"). Both Schemes will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Information on the Schemes is set out in the Directors' Report.

Disclosure on Remuneration

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

The breakdowns of the remuneration of the Directors of the Company and the top 5 key management personnel of the Group for the FY2014 are set out below:

	Salary (%)	Bonus (%)	Allowances and benefits (%)	Share Awards (%)	Director's Fees (%)	Total (%)
A. Directors of the Company						
<i>From \$750,000 to \$1,000,000</i>						
Tan Lay Ling	56	30	2	12	-	100
<i>From \$500,000 to \$750,000</i>						
Bruce William Rann (CEO)	44	13	27	16	-	100
<i>Below \$250,000</i>						
Sim Li-Meng Timothy (Shen Liming)	94	-	6	-	-	100
Heng Lee Seng	-	-	-	26	74	100
Yeo Nai Meng	-	-	-	28	72	100
Wee Boon Chye	-	-	-	-	100	100
B. Top 5 Key Management Personnel of the Group						
<i>From \$250,000 to \$500,000</i>						
Richard Ang	65	17	4	14	-	100
Bettina Tan Leh Hong	60	19	-	21	-	100
<i>Below \$250,000</i>						
Peter Christian Schellenberger (Resigned on 28 December 2014)	87	6	7	-	-	100
Ng Hsian Pin (Resigned on 28 November 2014)	100	-	-	-	-	100
Sean Callum Haining	75	-	16	9	-	100

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) for FY2014 is approximately \$1,252,000.

The Board believes that it is for the benefit of the Company and the Group that the remuneration of Directors be kept confidential, due to its sensitive nature.

CORPORATE GOVERNANCE REPORT

Remuneration of employee related to Director

As at 31 December 2014, we have employees who are related to Ms. Tan Lay Ling, the Executive Chairperson of the Company and Mr. Sim Li-Meng Timothy, Executive Director of the Company whose remuneration exceeded S\$50,000:-

	Salary (%)	Bonus (%)	Allowances and benefits (%)	Share Awards (%)	Director's Fees (%)	Total (%)
C. Employee who are family members of a Director						
<i>From \$500,000 to \$750,000</i>						
Sim Yong Teng	65	35	-	-	-	100
<i>From \$250,000 to 500,000</i>						
Bettina Tan Leh Hong	60	19	-	21	-	100
<i>From \$50,000 to \$100,000</i>						
Andy Tan Beng Kiat	82	7	11	-	-	100

Ms. Bettina Tan Leh Hong and Mr. Andy Tan Beng Kiat are siblings of Ms. Tan Lay Ling, the Executive Chairperson of the Company, Mr. Sim Yong Teng is the father of Mr. Sim Li-Meng Timothy (Shen Liming), the Executive Director of the Company. The basis of determining the remuneration of related employee is the same as the basis of determining of other unrelated employees.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board recognises it has a responsibility to present a balanced and comprehensible assessment of the Group's financial position including the prospects of the Group in presenting the annual financial statements and quarterly announcements.

The Board ensures that the Management maintains a sound system of internal control to protect shareholders' interests and the Group's assets. Management provides the Executive Directors with management accounts of the Group's performance on monthly basis and Independent Directors on quarterly basis prior to Board meetings and as and when necessary. The Directors also have separate and independent access to all levels of key management personnel in the Group. Besides that, the Board also provides a negative assurance statement to the shareholders in respect to the interim financial statements. For the financial year under review, the Executive Directors and Financial Controller have provided assurance to the Board on integrity of the Group's financial statements.

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 is responsible for the overall internal controls framework, but acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial reporting, operational and compliance risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguard.

CORPORATE GOVERNANCE REPORT

The Group has in place a Risk Management Committee (“**RMC**”) comprising the members of the AC and members of the Executive Committee to assist the Board in overseeing the risk governance and risk management of the Group.

A Risk Assessment Questionnaire (“**RAQ**”) has been implemented by the RMC to identify, prioritise, assess, manage and monitor key risks. The RAQ is a tool to assess whether the Group has effective control activities in place to address the key risks identified by the RMC. The RAQ covers, *inter alia*, financial, operational (including information technology), and compliance risks faced by the Group.

To ensure that internal controls and risk management processes are adequate and effective, the Board and AC have assessed to independent professional service providers. The assistance of the internal auditors, enable the Board and AC to carry out assessments of the effectiveness of key internal controls during the year.

Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

For FY2014, the Board has received assurances from the CEO and Financial Controller of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and (b) the Group’s risk management and internal controls system are sufficiently effective.

The Board also notes that all internal controls systems and risk management policies and procedures established contain inherent limitations and no system of internal controls or risk management could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the various management controls put in place and the reports from the internal and external auditors, reviews by the management, the Board with the concurrence of the AC is of opinion that the system of internal controls addressing financial reporting, operational, compliance and information technology risks and risk management systems maintained by the Group during the year are adequate in meeting the needs of the Group and provided reasonable assurance against material financial misstatements or material loss and to safeguard the Group’s assets.

Audit Committee (“**AC**”)

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

The AC comprises of three independent Directors, Mr. Wee Boon Chye, Mr. Yeo Nai Meng and Mr. Heng Lee Seng, with Mr. Heng Lee Seng chairing the AC.

The Chairperson, Mr. Heng Lee Seng is a certified public accountant (“**CPA**”) and has been a practicing CPA for more than 35 years. The other members bring with them invaluable experience in finance and business management. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experiences to discharge the AC’s function.

The role of the AC is to assist the Board in discharging its responsibilities to safeguard the Company’s assets, maintain adequate accounting records and develop and maintain effective system of internal controls.

CORPORATE GOVERNANCE REPORT

The AC has scheduled five meetings in this financial year. In accordance with the terms of reference adopted by the AC, the duties and powers of the Audit Committee include, *inter alia*:

- Review independence of external auditors;
- Review and discuss with external auditors the audit plan, including the nature and scope of the audit and its cost effectiveness before the audit commences;
- Review with external auditors their evaluation of the system of internal accounting controls, the management letter and Management's response;
- Discuss problems and concerns, if any, arising from interim and final audit, and any matters which the auditors may wish to discuss in the absence of Management;
- Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approve the remuneration and term of engagement of the external auditors;
- Review scope of the internal audit programs and outcome of the internal audit;
- Review interested person transactions to ensure they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders in accordance with the requirements of the SGX-ST Listing Manual;
- Review quarterly, half-yearly and full year financial statements and announcements to shareholders before submission to the Board for release to the SGX-ST;
- Review, implement and administer the Sinwa Group's Whistle-Blowing Policy which set out the provisions by which employees and other persons may, in confidence, raise serious concerns about possible incorrect financial reporting or other matters that could have a large impact on the Company and is authorised to do such acts as are necessary to ensure, *inter alia*, that (i) independent investigations are carried out in an appropriate and timely manner, (ii) appropriate action is taken to correct the weaknesses in internal controls and policies which had allowed such incidences to occur and to prevent a recurrence and (iii) administrative, disciplinary, civil or other actions that are initiated following the completion of investigations are appropriate balanced and fair; and
- Any other duties that are requested by the Board.

To enable members to perform their role effectively, the AC has full access to Management and is given full discretion to invite any Director or Executive Director to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly.

The number of AC meetings held and the attendance of each member at the meetings during FY2014 are set out as follows:

Name of Director	Appointment	Number of meetings held	Attendance
Heng Lee Seng (Chairperson)	Independent	5	5
Yeo Nai Meng	Independent	5	5
Wee Boon Chye	Independent	5	4
Tan Lay Ling	Executive Chairperson	5	5#
Bruce William Rann	CEO and Executive Director	5	5#
Sim Li-Meng Timothy (Shen Liming)	Executive Director	5	5#

Notes:

By invitation

Annually, the AC meets with the internal and external auditors separately without the presence of the Management. For the financial year end under review, the AC had also reviewed the non-audit services provided by the external auditors, which comprise tax services and was satisfied that extent of such service will not prejudice the independence and objectivity of the external auditors. The fees that are charged to the group by the external auditors for non-audit services were S\$14,000 for FY2014. The AC has recommended to the Board the re-appointment of Messers BDO LLP, as external auditors at the forthcoming AGM of the Company.

The Company has confirmed that in appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Company has complied with SGX-ST Listing Rules 712 and 716.

The AC has in consultation with the Board, initiated the implementation of whistle-blowing policy for all employees including overseas subsidiaries and associates. This policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith.

CORPORATE GOVERNANCE REPORT

Internal Audit

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

The AC and the Board approved the outsourcing of its internal audit function to a professional auditing firm, Nexia TS Risk Advisory Pte. Ltd. The appointed internal auditor reports directly to the AC and assist the Board in monitoring the implementation and improvements required on internal controls of the Group. The AC is of the opinion that the appointed audit firm is adequately resourced with qualified personal to discharge its responsibilities. The AC is further satisfied that the internal audit terms have unfettered access to all the Company's documents, records properties and personnel including access to the AC. The AC has reviewed the internal controls plan for FY2014 and is satisfied that the internal audit function has been adequately carried out.

The AC noted that the system of internal controls under review are generally adequate.

The AC, in conjunction with Management and the Board continues to review the reports submitted by the internal auditors and the external auditors, so that improvements can be implemented where internal controls deficiencies have been identified.

The AC also reviews the adequacy of the internal audit function annually and ensures that the internal audit functions is adequately resourced and has appropriate standing within the Company.

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.

In line with the continuous obligations of the Company under SGX-ST Listing Manual and the Companies Act, high standard of transparent corporate disclosure, the Board firmly believes that all the shareholders should be equally and on a timely basis be informed of all major developments that would be likely materially impact the Group. The Company does not practise selective disclosures as all material and price-sensitive information is released through SGXNET.

All the shareholders will receive Annual Report together with the notice of AGM by post, published in a newspaper and via SGXNET within the mandatory period. Besides that, all the shareholders also will receive the relevant circular together with the notice of Extraordinary General Meeting ("EGM") by post, published in a newspaper and via SGXNET. Accompanying to the notice of AGM and EGM, a copy of the proxy form is attached to the shareholders, so that the shareholders may appoint maximum up to 2 proxies to attend, vote and question the Board and Management, for and on behalf of the shareholder whom are not able to attend the general meeting personally.

In view of the above, all the shareholders are given an opportunity to participate effectively and vote at the general meeting.

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.

The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- quarterly financial statements in the format prescribed by SGX-ST announced on SGXNET;
- notices of and explanatory memoranda for AGMs and EGMs;
- shareholders' and analysts' briefing and press releases during releases of the Group's quarterly, half-yearly and full year results;
- press releases on major developments and initiatives undertaken by the Group; and
- disclosures to the SGX-ST

CORPORATE GOVERNANCE REPORT

The Company also communicates through its corporate website <http://www.sinwaglobal.com> provides shareholders with corporate announcements, press releases, annual reports and profile of the Group. In addition, the Company also engaged the services of a public relations firm to assist in communication with its shareholders.

The Company does not have a policy on payment of dividends. The issue of payment of dividends is deliberated by the Board annually having regard to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate.).

Conduct of Shareholder Meetings

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

Our shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. Notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days for ordinary resolution and 21 clear calendar days for special resolution before the general meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meeting. Every matter requiring shareholders' approval is proposed as a separate resolution at the general meeting to address each distinct issue.

The Chairperson of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are present to assist our Board in addressing any relevant queries by our shareholders.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

DEALING IN SECURITIES

In compliance with the Rule 1207(19) of the Listing Manual of the SGX-ST, the Group has adopted a Code of Conduct to provide guidance to Directors and certain officers with regard to dealings in the Company's shares.

In compliance with the SGX-ST Listing Manual, the Company, Directors, Management and officers of the Group are reminded not to deal in shares of the Company during the period commencing two weeks before the announcement of the Group's quarterly results and one month prior to the announcement of the Group's full year results and ending on the date of the announcement of the relevant results or if they are in possession of unpublished material price-sensitive information of the Group. Directors, Management and officers should also not deal in the Company's securities on short-term considerations. Directors and officers are also expected to observe insider trading laws at all times.

INTERESTED PERSON TRANSACTIONS

The Board is mindful of its obligations to comply with Chapter 9 of the SGX-ST Listing Manual in respect of interested person transactions. The AC reviews the interested person transactions as and when they arise and on a quarterly basis to ensure that the relevant disclosure on the transactions are complied with and that all interested person transactions are conducted on arm's length basis and on normal commercial terms. In addition, when there is a potential conflict of interest, the Board ensures that the Director involved does not participate in discussions and refrains from exercising any influence over other members of the Board.

The aggregate value of interested person transactions entered into during the financial year are as follows:

Name of Interested Person	Aggregate value of all interested person transaction under the financial year under review (excluding transactions less than \$100,000 and transactions under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Sim Yong Teng	\$137,000 (Rentals paid to Evenstar (Australia) Pty Ltd.)	Not Applicable

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT

Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle for each business division. Having identified the significant business risks to the achievement of their strategic objectives, each business division is required to document the management and mitigating actions in place and proposed in respect of each significant risk. The significant risk management policies are as disclosed in the Notes to the Financial Statements section of this annual report.

MATERIAL CONTRACTS

Save as disclosed in the Directors' Report and notes to the financial statement, there are no material contracts of the Company or its subsidiaries involving the interests of any Directors or substantial shareholders subsisting at the end of FY2014.

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairperson or Member	Directorship Date First Appointed/ Date of Last Re-election	Directorships in other listed companies and principal commitments	Past directorships in other listed companies and other principal commitments over the preceding 3 years
Ms. Tan Lay Ling	Diploma in Electrical Engineering from Singapore Polytechnic; Bachelor of Science (Computer Science) and Masters in Business Administration from the Oregon State University, USA	Executive Director and Executive Chairperson	Executive Chairperson of the Board and Member of the Nominating Committee	30 July 2002 / 24 April 2013	NIL	NIL
Mr. Bruce William Rann	Bachelor of Arts degree, with a double major in Economics and History, from West Australian Institute of Technology (now known as Curtin University of Technology)	Executive Director and Chief Executive Officer	NIL	18 June 2007 / 29 April 2014	NIL	NIL
Mr. Sim Li-Meng Timothy (Shen Liming)	Bachelor of Science (Management) and Master of Business Administration	Executive Director	NIL	22 May 2012 / 24 April 2013	NIL	NIL

CORPORATE GOVERNANCE REPORT

Mr. Heng Lee Seng	Member of CPA Australia, Association of Chartered Certified Accountant Chartered Institute of Management Accountant, Institute of Chartered Secretaries and Administrator and Singapore Institute of Directors	Independent Director	Chairperson of the Audit Committee, Member of the Nominating Committee and Remuneration Committee	3 January 2003 / 29 April 2014	Federal Int (2000) Ltd	NIL
Mr. Yeo Nai Meng	B. Engineering (Electrical) NUS; Dip. Marketing Management (SIM), BBA	Independent Director	Chairperson of Nominating Committee and Remuneration Committee and Member of Audit Committee	19 April 2005 / 24 April 2013	NIL	NIL
Mr. Wee Boon Chye	Postgrad Diploma in Welding Technology, Stuttgart Institute of Welding Technology, Germany Dip Ing in Metallurgical Engineering, University of Duisburg, Germany M.Sc. in Industrial Engineering, NUS	Independent Director	Member of the Nominating Committee, Remuneration Committee and the Audit Committee	12 May 2011 / 25 April 2012	NIL	NIL

The details on shareholdings of the directors are disclosed on page 33 of the Annual Report under Directors' Interest in Shares or Debentures section of the Directors' Report.

FINANCIAL STATEMENTS

33	Report of the Directors
37	Statement by Directors
38	Independent Auditor's Report
39	Consolidated Statement of Comprehensive Income
40	Statements of Financial Position
42	Statements of Changes in Equity
45	Consolidated Statement of Cash Flows
47	Notes to the Financial Statements

REPORT OF THE DIRECTORS

The directors of the Company are pleased to present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014 and the statement of changes in equity of the Company for the financial year ended 31 December 2014.

1. DIRECTORS

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

Tan Lay Ling	(Executive Chairperson and Executive Director)
Bruce William Rann	(Chief Executive Officer and Executive Director)
Timothy, Sim Li-Meng	(Executive Director)
Heng Lee Seng	(Independent Director)
Yeo Nai Meng	(Independent Director)
Wee Boon Chye	(Independent Director)

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 of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except as disclosed below.

Sinwa Share Plan

At the Extraordinary General Meeting held on 25 April 2007, shareholders approved the Sinwa Share Plan (the "Plan"). The Plan contemplates the award of fully paid Shares when and after pre-determined performance or services conditions are accomplished and/or due recognition should be given to any good work performance and/or any significant contribution to the Company.

The Remuneration Committee of the Company has been designated as the Committee responsible for the administration of the share plan. The Remuneration Committee members at the date of this report are Yeo Nai Meng (Chairperson), Heng Lee Seng and Wee Boon Chye.

The first grant award under the Share Plan was made on 13 December 2013. The award will be vested in three tranches over a period of two years. Details are disclosed in Note 33 to the financial statements.

During the previous financial year 2013, the Remuneration Committee has granted awards after taking into consideration the profit achieved during the previous financial year and the years of services of the Directors and key management personnel, performance and contributions of the Directors and key management personnel, and that no grant was made since the plan was approved by shareholders in 2007. There is no awards granted during the financial year ended 31 December 2014.

Details of the movement in the awards granted by the Company during the financial year were as follows:

Participant Directors of the Company	Year of award	Balance at 1.1.2014	Movement during the year			Balance at 31.12.2014
			Granted	Released	Lapsed/ cancelled	
Tan Lay Ling	2013	2,000,000	-	(1,200,000)	-	800,000
Bruce William Rann	2013	1,500,000	-	(900,000)	-	600,000
Heng Lee Seng	2013	300,000	-	(180,000)	-	120,000
Yeo Nai Meng	2013	300,000	-	(180,000)	-	120,000
		4,100,000	-	(2,460,000)	-	1,640,000
Group Executives	2013	2,300,000	-	(1,380,000)	-	920,000
		6,400,000	-	(3,840,000)	-	2,560,000

REPORT OF THE DIRECTORS

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, Cap. 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of director or nominee			Shareholdings in which director is deemed to have an interest		
	At beginning of year	At end of year	At 21.01.15	At beginning of year	At end of year	At 21.01.15
The Company						
No. of ordinary shares						
Tan Lay Ling	2,773,500	3,973,500	3,973,500	-	-	-
Heng Lee Seng	225,000	405,000	405,000	-	-	-
Bruce William Rann	164,468	1,064,468	1,064,468	-	-	-
Timothy, Sim Li-Meng	500	500	500	140,147,928	140,147,928	140,147,928
Yeo Nai Meng	-	119,000	40,000	-	-	-

By virtue of Section 7 of the Act, Timothy, Sim Li-Meng is deemed to have an interest in all related corporations of the Company.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits, as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as Directors and/or executives of those related corporations as disclosed in Note 32.3 of the accompanying financial statements.

5. OPTIONS TO TAKE UP UNISSUED SHARES

The Company has an employee share option scheme known as the "Sinwa Share Option Scheme" (the "**Scheme**"). The Scheme, which forms an integral component of its compensation plan, is designed to reward and retain eligible participants whose services are vital to its wellbeing and success. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate and also increases the dedication and loyalty of these participants and motivates them to perform better.

Under the rules of the Scheme, Executive Directors, Non-Executive Directors, Independent Directors and employees of the Company are eligible to participate in the Scheme. Associates of Controlling Shareholders are eligible to participate in the Scheme. Independent shareholders' approval is required in the form of separate resolutions for each grant of options and the terms thereof, to each participant who is an Associate of a Controlling Shareholder. Controlling Shareholders are, however, not eligible to participate in the Scheme.

The total number of shares over which options may be granted pursuant to the Scheme shall not exceed 10% of the issued share capital of the Company at any time during the existence of the Scheme.

A Committee is charged with the administration of the Scheme in accordance with the rules of the Scheme. The Committee consists of directors appointed by the Board of Directors of the Company. The number of options to be offered to a participant shall be determined at the discretion of the Committee who shall take into account criteria such as rank, performance, seniority, potential for future development and length of service of the participant. However, in relation to Associates of Controlling Shareholders: (i) the aggregate number of shares which may be offered to participants who are Associates of Controlling Shareholders under the Scheme (including adjustments under the rules) shall not exceed 25% of the total number of shares available under the Scheme; and (ii) the number of shares which may be offered to each participant who is an Associate of a Controlling Shareholder under the Scheme (including adjustments under the rules) shall not exceed 10% of the total number of shares available under the Scheme.

REPORT OF THE DIRECTORS

5. OPTIONS TO TAKE UP UNISSUED SHARES (CONTINUED)

The exercise price for each share in respect of which an option is exercisable shall be determined by the Committee at its absolute discretion and fixed by the Committee at: (i) a price equal to the average of the last dealt prices for a share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited for the five consecutive market days immediately preceding the relevant offer date; or (ii) a price which is set at a discount to the market price, provided that the maximum discount shall not exceed 20% of the market price.

The Scheme shall continue in operation for a maximum duration of 10 years commencing from the date on which the Scheme was adopted by the Company in the Extraordinary General Meeting on 22 April 2004. However, the Scheme has been extended in previous Annual General Meeting until the forthcoming Annual General Meeting.

There were no share options granted by the Company or its subsidiaries during the financial year.

6. OPTIONS EXERCISED

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

7. UNISSUED SHARES UNDER OPTION

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

8. AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:

Heng Lee Seng (Chairperson)	(Independent Director)
Yeo Nai Meng	(Independent Director)
Wee Boon Chye	(Independent Director)

The Audit Committee performs the functions specified by Section 201B(5) of the Act, the SGX Listing Rules and the Code of Corporate Governance. Among others, it performed the following functions:

- Reviewed the external and internal audit plans with the external and internal auditors;
- Reviewed with the external auditors their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed the quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report.

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

REPORT OF THE DIRECTORS

9. AUDITOR

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

On behalf of the Board of Directors

Tan Lay Ling
Executive Chairperson and Executive Director

Bruce William Rann
Chief Executive Officer and Executive Director

Singapore
23 March 2015

STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Tan Lay Ling
Executive Chairperson and Executive Director

Bruce William Rann
Chief Executive Officer and Executive Director

Singapore
23 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINWA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sinwa Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity, statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out from page 39 to 105.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
23 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2014

	Note	Group 2014 \$'000	2013 \$'000 Restated
Revenue	4	154,288	139,369
Cost of sales		(117,108)	(104,959)
Gross profit		37,180	34,410
Other item of income:			
Financial income	5	113	100
Other items of expense:			
Marketing and distribution expenses		(5,251)	(4,620)
Administrative expenses		(21,929)	(20,589)
Other (expenses)/income - net	6	(1,023)	585
Financial expenses	5	(221)	(1,597)
Share of (losses)/profit in joint ventures, net of tax	17	(2)	284
Profit before income tax from continuing operations	7	8,867	8,573
Income tax expense	8	(1,299)	(1,112)
Profit from continuing operations		7,568	7,461
Discontinued operations:			
Profit/(losses) from discontinued operations	9	1,590	(969)
Profit for the year		9,158	6,492
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		(368)	855
Share of foreign currency translation differences on joint ventures		7	(296)
Item that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of leasehold land and buildings, net of tax		528	-
Other comprehensive income for the year, net of tax		167	559
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,325	7,051
Profit attributable to:			
Owners of the Company		8,419	6,791
Non-controlling interests		739	(299)
		9,158	6,492
Total comprehensive income attributable to:			
Owners of the Company		8,586	7,350
Non-controlling interests		739	(299)
		9,325	7,051
Earnings per share - cents			
Basic	10	2.50	2.03
Diluted	10	2.48	1.99
Earnings per share – continuing operations - cents			
Basic	10	2.25	2.23
Diluted	10	2.23	2.19

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	31.12.2014 \$'000	Group 31.12.2013 \$'000 Restated	1.1.2013 \$'000 Restated	Company 31.12.2014 \$'000	31.12.2013 \$'000
ASSETS						
Non-current assets						
Property, plant and equipment	11	38,405	44,485	46,899	145	99
Intangible assets	12	7	20	44	-	-
Goodwill	13	548	548	548	-	-
Held-to-maturity financial assets	14	250	-	-	250	-
Investments in subsidiaries	15	-	-	-	11,763	11,763
Investment in associate	16	-	-	-	-	-
Investment in joint ventures	17	24	723	23,837	25	696
Deferred tax assets	8	449	341	385	-	-
Other assets	18	57	57	63	-	-
Other receivables	19	960	1,268	1,786	155	-
Total non-current assets		40,700	47,442	73,562	12,338	12,558
Current assets						
Inventories	20	4,200	4,918	5,410	-	-
Work-in-progress, cost incurred		-	-	690	-	-
Trade and other receivables	19	39,777	37,910	34,917	51,491	56,457
Prepayments		455	299	752	19	25
Cash, bank balances and fixed deposits	22	24,804	24,007	13,277	13,389	11,172
		69,236	67,134	55,046	64,899	67,654
Assets classified as held for sale	21	15,116	15,116	18,124	-	-
Total current assets		84,352	82,250	73,170	64,899	67,654
Total assets		125,052	129,692	146,732	77,237	80,212

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

			Group		Company	
	Note	31.12.2014	31.12.2013	1.1.2013	31.12.2014	31.12.2013
		\$'000	\$'000	\$'000	\$'000	\$'000
			Restated	Restated		
EQUITY AND LIABILITIES						
Equity						
Share capital	23	41,471	40,734	40,734	41,471	40,734
Treasury shares	23	(961)	(961)	(961)	(961)	(961)
Other reserves	24	11,143	11,270	10,417	108	402
Retained earnings		39,951	40,788	45,711	5,993	5,644
Equity attributable to owners of the Company		91,604	91,831	95,901	46,611	45,819
Non-controlling interests		-	(739)	(503)	-	-
Total equity		91,604	91,092	95,398	46,611	45,819
Non-current liabilities						
Deferred tax liabilities	8	2,844	2,794	2,927	-	-
Finance leases	26	40	-	-	-	-
Borrowings	27	2,709	-	-	2,709	-
Total non-current liabilities		5,593	2,794	2,927	2,709	-
Current liabilities						
Income tax payable		1,445	1,336	1,399	-	39
Trade and other payables	28	25,848	25,800	24,398	27,375	30,999
Finance leases	26	20	-	27	-	-
Borrowings	27	542	8,670	21,360	542	3,355
		27,855	35,806	47,184	27,917	34,393
Liabilities directly associated with assets classified as held for sale		-	-	1,223	-	-
Total current liabilities		27,855	35,806	48,407	27,917	34,393
Total liabilities		33,448	38,600	51,334	30,626	34,393
Total equity and liabilities		125,052	129,692	146,732	77,237	80,212

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2014

Group	Note	Total equity \$'000	Non-controlling interests \$'000	Equity attributable to owners of the Company \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Equity compensation reserve \$'000	Retained earnings \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000
Balance at 1 January 2014		91,092	(739)	91,831	40,734	(961)	108	294	40,788	13,481	(2,613)
Gain on revaluation of leasehold land and buildings, net of tax		528	-	528	-	-	-	-	-	528	-
Foreign currency translation differences on foreign operations		(368)	-	(368)	-	-	-	-	-	-	(368)
Share of foreign currency translation differences on joint ventures		7	-	7	-	-	-	-	-	-	7
Other comprehensive income, net of tax		167	-	167	-	-	-	-	-	528	(361)
Profit for the year		9,158	739	8,419	-	-	-	-	8,419	-	-
Total comprehensive income		9,325	739	8,586	-	-	-	-	8,419	528	(361)
Dividends	29	(9,256)	-	(9,256)	-	-	-	-	(9,256)	-	-
Share-based payments		443	-	443	-	-	-	443	-	-	-
Issue of shares	23	-	-	-	737	-	-	(737)	-	-	-
Total transactions with owners of the Company		(8,813)	-	(8,813)	737	-	-	(294)	(9,256)	-	-
Balance at 31 December 2014		91,604	-	91,604	41,471	(961)	108	-	39,951	14,009	(2,974)

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2014

Group Restated	Note	Total equity \$'000	Non- controlling interests \$'000	Equity, attributable to owners of the Company \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Equity reserve \$'000	Retained earnings \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000
Balance at 1 January 2013		95,398	(503)	95,901	40,734	(961)	108	-	45,711	13,481	(3,172)
Foreign currency translation differences on foreign operations		855	-	855	-	-	-	-	-	-	855
Share of foreign currency translation differences on joint ventures		(296)	-	(296)	-	-	-	-	-	-	(296)
Other comprehensive income, net of tax		559	-	559	-	-	-	-	-	-	559
Profit for the year		6,492	(299)	6,791	-	-	-	-	6,791	-	-
Total comprehensive income		7,051	(299)	7,350	-	-	-	-	6,791	-	559
Disposal of interest in subsidiaries	25	63	63	-	-	-	-	-	-	-	-
Dividends	29	(11,714)	-	(11,714)	-	-	-	-	(11,714)	-	-
Share-based payments		294	-	294	-	-	-	294	-	-	-
Total transactions with owners of the Company		(11,357)	63	(11,420)	-	-	-	294	(11,714)	-	-
Balance at 31 December 2013		91,092	(739)	91,831	40,734	(961)	108	294	40,788	13,481	(2,613)

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 31 December 2014

<u>Company</u>	<u>Note</u>	<u>Total equity</u> \$'000	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Equity compensation reserve</u> \$'000	<u>Capital reserve</u> \$'000	<u>Retained earnings</u> \$'000
Balance at 1 January 2014		45,819	40,734	(961)	294	108	5,644
Total comprehensive income for the year		9,605	-	-	-	-	9,605
Dividends	29	(9,256)	-	-	-	-	(9,256)
Share-based payments		443	-	-	443	-	-
Issue of shares	23	-	737	-	(737)	-	-
Total transactions with owners of the Company		(8,813)	737	-	(294)	-	(9,256)
Balance at 31 December 2014		46,611	41,471	(961)	-	108	5,993
Balance at 1 January 2013		50,315	40,734	(961)	-	108	10,434
Total comprehensive income for the year		6,924	-	-	-	-	6,924
Dividends	29	(11,714)	-	-	-	-	(11,714)
Share-based payments		294	-	-	294	-	-
Total transactions with owners of the Company		(11,420)	-	-	294	-	(11,714)
Balance at 31 December 2013		45,819	40,734	(961)	294	108	5,644

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 December 2014

	Note	Group 2014 \$'000	2013 \$'000 Restated
Operating activities			
Profit for the year		9,158	6,492
Adjustments for:			
Allowance for doubtful trade receivables	6	271	-
Write back of allowance for doubtful trade and other receivables	6	(3)	(225)
Allowance for doubtful other receivables	6	490	-
Waiver of trade debts	9	(1,682)	-
Bad debts written off (trade)	6	31	45
Amortisation of intangible assets	12	13	24
Depreciation of property, plant and equipment	11	1,940	2,093
Interest income	5	(113)	(100)
Interest expense	5	159	566
Gain on disposal of property, plant and equipment (net)		(1,248)	(3)
Gain on disposal of subsidiaries	6	-	(133)
Allowance for impairment loss on freehold land, leasehold land and buildings	6	1,633	-
Allowance for slow-moving inventories	6	200	279
Share-based payments		443	294
Share of losses/(profit) in joint ventures	17	2	(284)
Property, plant and equipment written off	11	-	8
Income tax expenses	8	1,299	1,112
Operating cash before movements in working capital		12,593	10,168
Prepayments, trade and other receivables		(2,973)	(1,664)
Work-in-progress		-	690
Inventories		518	213
Trade and other payables		1,731	1,357
Cash generated from operations		11,869	10,764
Interest paid		(159)	(566)
Interest received		113	100
Income tax paid		(1,363)	(1,214)
Net cash from operating activities		10,460	9,084

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 December 2014

	Note	Group	
		2014 \$'000	2013 \$'000 Restated
Investing activities			
(Advances to)/Repayment from PRC licensees		(26)	518
Proceeds from disposal of property, plant and equipment		5,677	93
Purchase of property, plant and equipment	Note A	(1,973)	(2,019)
Repayment from joint ventures	17	729	23,102
Advances to joint ventures		(156)	-
Investment in joint venture		(25)	-
Proceeds from disposal of subsidiaries	Note B	650	2,150
Purchase of held-to-maturity financial assets	14	(250)	-
Fixed deposit pledged with bank		(3,726)	-
Effect of foreign currency alignment on investing activities		153	2,990
Net cash from investing activities		1,053	26,834
Financing activities			
Proceeds from borrowings		3,251	-
Repayment of borrowings		(8,670)	(10,297)
Proceeds from bills financing		-	4,952
Repayment of bills financing		-	(6,269)
Repayment to non-controlling interests		-	(419)
Repayment of finance leases	26	(20)	(27)
Dividends paid		(9,256)	(11,714)
Effect of foreign currency alignment on financing activities		-	(657)
Net cash used in financing activities		(14,695)	(24,431)
Net (decrease)/increase in cash and cash equivalents		(3,182)	11,487
Cash and cash equivalents at beginning of year		24,007	13,277
Effect of exchange rate changes on cash and cash equivalents		253	(757)
Cash and cash equivalents at end of year	22	21,078	24,007
Analysis of the cash and cash equivalents			
Cash, bank balances and fixed deposits	22	24,804	24,007
Less: Fixed deposit pledged with bank		(3,726)	-
Cash and cash equivalents for the purpose of consolidated statement of cash flows		21,078	24,007
Note A:			
During the financial year, the Group acquired property, plant and equipment amounting to \$2,053,000 (2013: \$2,019,000) of which \$80,000 (2013: \$Nil) were acquired under finance lease.			
Note B:			
Disposal consideration	25	-	2,800
Decrease/(Increase) in other receivables		650	(650)
Net cash from disposal of subsidiaries		650	2,150

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

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

1. GENERAL

Sinwa Limited (the "Company") (Registration Number 200206542H) is incorporated and domiciled in Singapore with its principal place of business and registered office at 28 Joo Koon Circle, Singapore 629057. The Company is listed on the Singapore Exchange.

The principal activities of the Company are those of investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2014 were authorised for issue by the Board of Directors on 23 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as otherwise described in the notes below.

The individual financial statements of each Group 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 statement of financial position and statement of changes of equity of the Company are presented in Singapore dollar ("S\$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("S\$'000") as indicated.

The preparation of financial statements in compliance with FRS requires management to make judgments, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgments or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS did not result in changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior years, except as disclosed in Note 2.2.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 19 (Amendments)	Defined Benefit Plans: Employee Contributions	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

		Effective date (annual periods beginning on or after)
Improvements to FRSs (January 2014):		1 July 2014
FRS 16 (Amendments)	Property, Plant and Equipment – Revaluation method: proportionate restatement of accumulated depreciation/amortisation	
FRS 24 (Amendments)	Related Party Disclosures – Key Management Personnel	
FRS 38 (Amendments)	Intangible Assets	
FRS 102 (Amendments)	Share-based Payments – Definition in vesting condition	
FRS 103 (Amendments)	Business Combinations – Accounting for contingent consideration in a business combination	
FRS 108 (Amendments)	Operating Segments – Aggregation of Operating segments & Reconciliation of the total of the reportable segments' assets to the entity's assets	
Improvements to FRSs (February 2014):		1 July 2014
FRS 40 (Amendments)	Investment Property – Interrelationship between FRS 103 and FRS 40	
FRS 103 (Amendments)	Business Combinations – Scope exception of joint ventures	
FRS 113 (Amendments)	Fair Value Measurement – Scope of portfolio exception	
FRS 27 (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
FRS 16 and FRS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRSs (November 2014):		1 January 2016
FRS 19 (Amendments)	Employee Benefits	
FRS 34 (Amendments)	Interim Financial Reporting	
FRS 105 (Amendments)	Non-current Assets Held for sale and Discontinued Operations	
FRS 107 (Amendments)	Financial Instruments: Disclosures	
FRS 1 (Amendments)	Disclosure Initiative	1 January 2016
FRS 110 and FRS 28 (Amendments)	Sales of Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 110, FRS 112 and FRS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017
FRS 109	Financial Instruments	1 January 2018

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods will have no material impact on the financial statements of the Group in the period of their initial adoption except as disclosed below.

FRS 109 - Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 - Financial Instruments (Continued)

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, particularly the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Change in accounting policies

(i) Subsidiaries

As a result of FRS 110 Consolidated Financial Statements, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provision of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. With the reassessment, the Group did not change its control conclusion for its investees.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policies (Continued)

(ii) Joint Arrangement

From 1 January 2014, as a result of FRS 111 Joint Arrangements, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. FRS 111 also required all joint ventures to be accounted for under equity method, as described in the revised FRS 28, with proportionate consolidation prohibited.

The Group has re-evaluated its joint arrangements and has concluded that they are joint ventures. The Group's investment in Yakki International Pte Ltd and Nordic International Limited which assets and liabilities were classified under "asset held for sale" and "liabilities directly associated with assets held for sale", were previously consolidated into the Group's financial statements using proportionate consolidation method. With the adoption of FRS 111, the Group has restated the comparative figures of its share results of joint ventures using the equity method. The effect of changes are as follow:

	As at 31.12.2013 Previously reported \$'000	As at 31.12.2013 Restated \$'000	As at 1.1.2013 Previously reported \$'000	As at 1.1.2013 Restated \$'000
Statement of financial position				
Non-current assets				
Investment in joint ventures	-	723	-	23,837
Current assets				
Trade and other receivables	37,910	37,910	35,164	34,917
Cash and cash equivalents	24,741	24,007	13,446	13,277
Assets classified as held for sale	26,443	15,116	57,197	18,124
Non-current liabilities				
Deferred tax liabilities	2,794	2,794	3,277	2,927
Current liabilities				
Income tax payable	1,336	1,336	1,372	1,399
Trade and other payables	25,811	25,800	26,073	24,398
Liabilities directly associated with assets classified as held for sale	11,327	-	14,877	1,223
Consolidated statement of comprehensive income				
			2013 Previously reported \$'000	2013 Restated \$'000
Cost of sales			(104,955)	(104,959)
Gross profit			34,414	34,410
Financial income			101	100
Administrative expenses			(20,683)	(20,589)
Share of profit in joint ventures, net of tax			-	284
Income tax expense			(739)	(1,112)
Foreign currency translation differences on foreign operations			559	855
Share of foreign currency translation differences on joint ventures			-	(296)
Consolidated statement of cash flows				
Net cash from operating activities			7,577	9,084
Net cash from investing activities			28,856	26,834

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Change in accounting policies (Continued)

(iii) Disclosure of interest in other entities

From 1 January 2014, as a result of FRS 112 Disclosure of Interests in Other Entities, the Group has expanded its disclosures about its interests in subsidiaries (see Note 15), joint ventures (see Note 17) and unconsolidated structured entities.

Unconsolidated structured entities refer to appointed marine supply and logistics companies known as PRC licensees under mutual co-operation agreements. Under these agreements, the SINWA brand name is licensed to these companies and management, technical and consultancy support services are provided to them. The agreements were signed with one of the subsidiaries of the Group, Sinwa Marine Pte Ltd (herein referred as "the Subsidiary").

Pursuant to each of the mutual co-operation agreements, there is an irrevocable and unconditional option granted to the Subsidiary by the existing shareholders of the PRC licensees to acquire 50% interest in each of the PRC licensees. The options are exercisable at any time commencing from the date of the respective co-operation agreements without any expiry dates for the exercise of the options. The purchase prices are fixed at the point of the grant of the options, on a willing buyer and willing seller basis, and based on the net tangible assets of the PRC licensees as at the date of the grant of the options adjusted for the respective potential contributions of the shareholders and the Subsidiary including but not limited to business network, customer base and track record.

In accordance with the transitional provision of FRS 110, the Group has reassessed the control conclusion over these PRC licensees as at 1 January 2014. Although the Subsidiary has irrevocable and unconditional option to acquire 50% interest in the PRC licensees, the management had determined that the Group has no control or power over PRC licensees, exposure to variable returns, and the ability to use its power to affect those variable returns. The Subsidiary also has no significant influence or power to govern the financial and operating policies of the PRC licensees.

Moreover, the exercise of the options is also subject to the Subsidiary obtaining the necessary approvals and consents from the appropriate PRC authorities.

As such, the Group continues to classify the advances as other receivables from the PRC licensees (Note 19).

(iv) Disclosures of recoverable amounts for non-financial assets

From 1 January 2014, as a result of the Amendments to FRS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets, the Group has expanded its disclosures of recoverable amounts when they are based on fair value less costs of disposals and an impairment is recognised.

2.3 Basis of consolidation

Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2.3 Basis of consolidation (Continued)

Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (Continued)

Subsidiaries

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

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

Associates and joint venture (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly-controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly-controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly-controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly-controlled entities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Any goodwill arising on the acquisition of the Group's interest in a joint venture is accounted for in accordance with the Group's accounting policy for goodwill under Note 2.12.

Where the Group transacts with its jointly-controlled entities and associates, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

When the Group's share of losses exceeds its interest in an equity-accounted investee, 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 investee's operations or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of consolidation (Continued)

Acquisitions of non-controlling interests

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint ventures.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with the associate are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries and associates in the separate financial statements

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

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Sales 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. Normally these criteria are met when the goods are delivered to and accepted by the buyer.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (Continued)

Rendering of services

Revenue is recognised when the services are completed.

Revenue from rendering of services related to the provision of manpower for repairing of ships.

Contract revenue includes the initial amount acquired in the contract plus any variations in contracts works, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined in accordance with the Group's accounting policy on contracts (see Note 2.19).

Charter income

Charter income is recognised in the profit or loss on a straight line-basis over the term of the relevant charter period. Charter incentives granted are recognised as an integral part of the total charter income to be received. Contingent charters are recognised as income in the period in which they are earned.

Rental income

Rental income arising from operating leases on warehouse is accounted for on utilisation of storage space and agreed rate over the lease period.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.6 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, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.7 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Income tax

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

Current income 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 liability for current tax is recognised at the amount expected to be paid or received from the tax authorities and 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

Deferred tax is recognised on all temporary 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 is accounted for using the balance sheet 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 and associates, and interests in joint ventures, 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 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 the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

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 intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in 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.

Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.10 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 the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of 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 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 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.

2.11 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the financial year.

Any revaluation increase arising from the revaluation of such land and buildings is recognised in other comprehensive income and credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. The revaluation of land and buildings will be conducted every three (3) years provided there is only insignificant changes in fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is re-presented to the revalued amount of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property, plant and equipment (Continued)

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of 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 depreciable amounts of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following:

Freehold buildings	2%
Leasehold land and buildings (over the terms of leases)	2.3% to 2.6%
Equipment and vehicles	10% to 100%
Vessels	4.0% to 5.3%

Freehold land is not depreciated but carried at valuation.

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

The estimated useful lives, residual values and depreciation method 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 no 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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. Any amount in the revaluation reserve relating to that assets is transferred to retained earnings directly.

2.12 Intangible assets

Computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licence is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

Goodwill

Goodwill arising on the acquisition of a subsidiary or a joint venture represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or joint venture recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (Continued)

Goodwill (Continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill on associates and joint ventures is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the profit or loss.

On disposal of a subsidiary or a joint venture, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.13 Discontinued operations

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

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

2.14 Assets classified as held for sale

Assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. 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.

2.15 Club memberships

Investment in transferable corporate club memberships are stated at cost less any impairment.

2.16 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication 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 estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of non-financial assets excluding goodwill (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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.

2.17 Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating 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 timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statement of financial position comprise trade and other receivables and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

Certain shares held by the Group are classified as available-for-sale if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the period.

The Group does not have the intention to dispose the investment in unquoted shares within 12 months after balance sheet date. The fair value of the investment in unquoted shares cannot be measured reliably as the probabilities of the various estimates in the range cannot be reasonably assessed as used in estimating fair value. Consequently, they are carried at cost less allowance for impairment, if any.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, the estimated future cash flows of the assets 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 amount is 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 equity instruments, 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 investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

Derecognition of financial assets

The Group derecognises 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.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group 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 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

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

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

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 rate method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5 above).

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 *Revenue*.

Intra-group financial guarantees are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

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

2.18 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 first in, first out 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.

2.19 Contracts

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented on the face of the statement of financial position as an asset. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as a liability.

Progress billings not yet paid by customers are included within "Trade and other receivables".

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits (net of pledge fixed deposits) and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.21 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 of the leased assets 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 statement of financial position 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, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see Note 2.5 above).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases (Continued)

Operating leases

Lessee

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.

Lessor

Rental income from operating leases is recognised 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 user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.23 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised by deducting the grant in arriving at the carrying amount of the asset in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the life of a depreciable asset by way of a reduced depreciation charge.

2.24 Share-based payment

For equity-settled share-based payment transactions, the fair value of the services received is recognised as an expense with a corresponding increase in equity over the vesting period during which the employees/directors become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the grant date. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognised as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions.

2.25 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 directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, 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.

Critical judgements made in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies which have a significant effect on the amounts recognised in the financial statements.

Allowances for doubtful receivables

An allowance is made for doubtful receivables for estimated losses resulting from the subsequent inability of our customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful receivables.

Key sources of estimation uncertainty

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

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates in relation to future cash flows and suitable discount rates (Note 13). If the revised estimated net cash inflows had been 10% lower than management's estimates or if the estimated discount rate applied to the discounted cash flows had been 12% instead of 10%, there is no impact to the carrying value of the goodwill as at 31 December 2014 of \$548,000 (2013: \$548,000).

(ii) Impairment of investments in subsidiaries

In assessing whether the investments in subsidiaries are impaired, management used value-in-use calculations. These calculations are based on cash flow projections prepared using financial budgets approved by the Directors covering a five-year period. Management has considered and determined the factors applied in the financial budgets, which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performance and the average growth rates are based on industry growth forecasts. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The carrying amount of the Company's investments in subsidiaries as at 31 December 2014 was \$11,763,000 (2013: \$11,763,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

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

Key sources of estimation uncertainty (Continued)

(iii) *Impairment of assets held for sale*

In assessing whether the assets held for sale are impaired, management used the realisation value for its calculation. These calculations are based on the management estimated assets realisation value of the joint venture less liabilities and cost to sell. The recoverable amounts are estimated to be approximately \$15,116,000 (2013: \$15,116,000).

(iv) *Depreciation of property, plant and equipment*

The depreciable amounts of assets are allocated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2014 was approximately \$38,405,000 (2013: \$44,485,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets.

Changes in the government regulations and industrial circumstances could also have an impact on the requirement for provision for dismantlement, removal and restoration costs and the estimated amounts.

(v) *Inventory-related allowance*

A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and record an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for their products. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of the Group's inventories as at 31 December 2014 was \$4,200,000 (2013: \$4,918,000).

(vi) *Revaluation of land and buildings*

The Group carries its land and buildings at fair value, with changes in fair values being recognised in revaluation reserve. The Group engaged independent valuation specialists to determine fair value as at 31 December 2014.

The fair value of land and buildings is determined by independent real estate valuation experts using recognised valuation techniques.

The determination of the fair value of the land and buildings requires the use of estimates based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the land and buildings are further explained in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

4. REVENUE

	Group	
	2014	2013
	\$'000	\$'000
Sale of goods	148,606	133,390
Rendering of agency and logistics services	4,859	3,983
Charter income	311	1,519
Rental income	512	477
	<u>154,288</u>	<u>139,369</u>

5. FINANCIAL INCOME/(EXPENSES)

	Group	
	2014	2013
	\$'000	\$'000
		Restated
Financial income:		
Interest income from fixed deposits	<u>113</u>	<u>100</u>
Financial expenses:		
Interest expense on:		
- Term loans	(157)	(556)
- Bills financing	-	(10)
- Obligation under finance leases	(2)	-
Foreign exchange losses, net	(62)	(1,031)
	<u>(221)</u>	<u>(1,597)</u>

6. OTHER (EXPENSES)/INCOME - NET

	Group	
	2014	2013
	\$'000	\$'000
Allowance for doubtful trade receivables (Note 19)	(271)	-
Allowance for doubtful other receivables (Note 19)	(490)	-
Write-back of allowance for doubtful trade and other receivables (Note 19)	3	225
Bad debts written off (trade)	(31)	(45)
Disposal of scrap materials	7	76
Gain on disposal of property, plant and equipment (net)	1,248	2
Gain on disposal of subsidiaries (Note 25)	-	133
Government grant income	138	70
Handling fee	93	94
Management fee income	51	268
Allowance for impairment loss on property, plant and equipment (Note 11)	(1,633)	-
Allowance for slow-moving inventories	(200)	(279)
Others	62	41
	<u>(1,023)</u>	<u>585</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

7. PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the statement of comprehensive income, the above includes the following charges:

	Group	
	2014	2013
	\$'000	\$'000
		Restated
Audit fees paid to auditors:		
Auditors of the Company	200	200
Other auditors	41	53
Non-audit fees paid to auditors:		
Auditors of the Company	17	-
Other auditors	14	14
Amortisation of intangible assets (Note 12)	13	24
Depreciation of property, plant and equipment (Note 11)	1,940	2,079
Directors' fees:		
Directors of the Company	138	126
Directors of the subsidiaries	-	27
Directors' remuneration other than fees:		
<u>Directors of the Company</u>		
Short-term employee benefits	1,850	1,466
<u>Directors of the subsidiaries</u>		
Short-term employee benefits	861	815
Staff costs (excluding directors' remuneration)	11,268	10,677
Contributions to defined contribution plans	970	938

8. INCOME TAX EXPENSE

	Group	
	2014	2013
	\$'000	\$'000
		Restated
Current tax expense		
- current year	1,634	1,423
- over provision in prior years	(211)	(237)
	1,423	1,186
Deferred tax expense		
- current year	(49)	(79)
- over provision in prior years	(156)	(52)
	(205)	(131)
Withholding tax	81	57
Total income tax expense	1,299	1,112

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

8. INCOME TAX EXPENSE (CONTINUED)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2013: 17%) to profit before income tax as a result of the following differences:

	Group	
	2014 \$'000	2013 \$'000 Restated
Profit for the year	9,158	6,492
Total tax expense	1,299	1,112
Profit before income tax	10,457	7,604
Income tax expense at the statutory rate	1,778	1,293
Tax effect of non-deductible items	819	578
Gain not subject to tax	(218)	-
Tax effect of tax exemptions	(153)	(464)
Tax rebate/incentives	(216)	(221)
Effect of different tax rates of overseas operations	(146)	(58)
Over provision of income tax in prior years	(211)	(237)
Over provision of deferred tax in prior years	(156)	(52)
Utilisation of previously not recognised deferred tax benefits	(273)	-
Unrecognised deferred tax benefits	-	207
Withholding tax	81	57
Others	(6)	9
Total income tax expense	1,299	1,112

The deferred tax (assets)/liabilities are as follows:

	Group	
	2014 \$'000	2013 \$'000 Restated
Deferred tax assets	(449)	(341)
Deferred tax liabilities	2,844	2,794

The movement for the year in deferred tax position is as follows:

	Group	
	2014 \$'000	2013 \$'000 Restated
At beginning of year	2,453	2,542
Charged to profit or loss	(205)	(131)
Charged to revaluation reserve	127	-
Currency alignment	20	42
At end of year	2,395	2,453

The following are the major deferred tax liabilities and assets recognised by the Group and the movements during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

8. INCOME TAX EXPENSE (CONTINUED)

	Revaluation of land and buildings \$'000	Tax losses \$'000	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
Balance at 1 January 2014 - as restated	2,659	(341)	75	60	2,453
(Charged)/Credited to profit or loss	(82)	(128)	39	(34)	(205)
Charged to revaluation reserve	127	-	-	-	127
Foreign currency realignment	-	20	-	-	20
Balance at 31 December 2014	2,704	(449)	114	26	2,395
<u>As restated</u>					
Balance at 1 January 2013	2,761	(385)	129	37	2,542
(Charged)/Credited to profit or loss	(102)	1	(53)	23	(131)
Foreign currency realignment	-	43	(1)	-	42
Balance at 31 December 2013	2,659	(341)	75	60	2,453

No deferred tax asset has been recognised for tax losses of \$1,032,000 (2013: \$2,637,000) that can be used to offset against future taxable profits of the companies in which the losses arose, due to uncertainty of its recoverability. The utilisation of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

At 31 December 2014, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries and joint ventures as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. Unremitted earnings totalled \$9,547,000 (2013: \$8,225,000).

9. PROFIT/(LOSSES) FROM DISCONTINUED OPERATIONS

On 14 December 2012, the Company announced that the Company and the joint venture partners had entered into a winding up agreement to wind up voluntarily the joint venture companies, Sinwa Engineering Pte. Limited, and its subsidiaries, Sinwa Engineering (Ruby) Pte. Limited, Sinwa Engineering (Gold) Pte. Limited, Sinwa Engineering (Jade) Pte. Limited and Sinwa Engineering (Sapphire) Pte. Limited (collectively named as "SEPL Group"). The winding up of the SEPL Group is still in progress as at 31 December 2014 and expected to be completed in first half of 2015.

	Group	
	2014 \$'000	2013 \$'000
Results of discontinued operations		
Revenue	-	1,823
Other income/(expenses)	1,590	(2,792)
Profit/(Loss) before tax	1,590	(969)
Income tax	-	-
Profit/(Loss) for the year	1,590	(969)
Results of discontinued operations include the following expenses:		
Gain on disposal of property, plant and equipment	-	1
Waiver of trade debts by related parties	1,682	-
Depreciation of property, plant and equipment	-	(14)
Property, plant and equipment written off	-	(8)
Profit/(Loss) attributable to:		
Owners of the Company	851	(670)
Non-controlling interests	739	(299)
Profit/(Loss) for the year	1,590	(969)
Basic earnings/(loss) per share (cents)	0.25	(0.20)
Diluted earnings/(loss) per share (cents)	0.25	(0.20)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

9. PROFIT/(LOSSES) FROM DISCONTINUED OPERATIONS (CONITNUED)

	Group	
	2014	2013
	\$'000	\$'000
Cash flow used in discontinued operations:		
Net cash (used in)/from operating activities	(32)	649
Net cash from investing activities	-	84
Net cash used in financing activities	(335)	(919)
Net cash used in discontinued operations	<u>(367)</u>	<u>(186)</u>

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share of the Company and continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

a) Basic earnings per share

Basic earnings per share is based on:

	Group	
	2014	2013
	\$'000	\$'000
Profit attributable to owners of the Company - continuing operations	<u>7,568</u>	<u>7,461</u>
Profit attributable to owners of the Company	<u>8,419</u>	<u>6,791</u>
	Number of shares	
Weighted average number of shares in the calculation of basic earnings per share	<u>336,625,636</u>	<u>334,679,335</u>

b) Diluted earnings per share

Diluted earnings per share is based on:

	Group	
	2014	2013
	\$'000	\$'000
Profit attributable to owners of the Company - continuing operations	<u>7,568</u>	<u>7,461</u>
Profit attributable to owners of the Company	<u>8,419</u>	<u>6,791</u>
	Number of shares	
Weighted average number of shares in issue during the year	336,625,636	334,679,335
Adjustments for potential dilutive shares under		
- Sinwa share plan	2,560,000	6,400,000
Weighted average number of shares in the calculation of diluted earnings per share	<u>339,185,636</u>	<u>341,079,335</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Equipment and vehicles \$'000	Vessels \$'000	Total \$'000
Group 2014						
Cost/valuation:						
At 1 January 2014	5,941	14,403	20,390	8,571	5,537	54,842
Currency alignment	(239)	(581)	-	(139)	(3)	(962)
Additions	-	31	686	1,336	-	2,053
Revaluation adjustments	-	-	(3,209)	-	-	(3,209)
Revaluation surplus	-	-	2,604	-	-	2,604
Reclassification	1,328	(1,328)	-	-	-	-
Written off	-	-	-	(207)	-	(207)
Disposals	-	-	-	(712)	(5,534)	(6,246)
At 31 December 2014	7,030	12,525	20,471	8,849	-	48,875
Representing:						
Cost	-	-	-	8,849	-	8,849
Valuation	7,030	12,525	20,471	-	-	40,026
	7,030	12,525	20,471	8,849	-	48,875
Accumulated depreciation:						
At 1 January 2014	-	237	747	5,931	1,224	8,139
Currency alignment	-	(24)	-	(83)	(1)	(108)
Depreciation charge	-	282	747	863	48	1,940
Revaluation adjustments	-	-	(1,240)	-	-	(1,240)
Written off	-	-	-	(207)	-	(207)
Disposals	-	-	-	(546)	(1,271)	(1,817)
At 31 December 2014	-	495	254	5,958	-	6,707
Accumulated impairment:						
At 1 January 2014	764	1,454	-	-	-	2,218
Currency alignment	(30)	(58)	-	-	-	(88)
(Reversal of)/ Impairment loss	(150)	1,696	87	-	-	1,633
At 31 December 2014	584	3,092	87	-	-	3,763
Carrying amount:						
At 31 December 2014	6,446	8,938	20,130	2,891	-	38,405

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Equipment and vehicles \$'000	Vessels \$'000	Total \$'000
Group						
2013						
Cost/valuation:						
At 1 January 2013	6,689	15,064	20,390	8,260	5,348	55,751
Currency alignment	(748)	(1,758)	-	(412)	189	(2,729)
Additions	-	1,097	-	922	-	2,019
Written off	-	-	-	(18)	-	(18)
Disposals	-	-	-	(181)	-	(181)
At 31 December 2013	5,941	14,403	20,390	8,571	5,537	54,842
Representing:						
Cost	-	-	-	8,571	5,537	14,108
Valuation	5,941	14,403	20,390	-	-	40,734
	5,941	14,403	20,390	8,571	5,537	54,842
Accumulated depreciation:						
At 1 January 2013	-	-	-	5,454	901	6,355
Currency alignment	-	(17)	-	(226)	35	(208)
Depreciation charge	-	254	747	804	288	2,093
Written off	-	-	-	(10)	-	(10)
Disposals	-	-	-	(91)	-	(91)
At 31 December 2013	-	237	747	5,931	1,224	8,139
Accumulated impairment:						
At 1 January 2013	860	1,637	-	-	-	2,497
Currency alignment	(96)	(183)	-	-	-	(279)
At 31 December 2013	764	1,454	-	-	-	2,218
Carrying amount:						
At 31 December 2013	5,177	12,712	19,643	2,640	4,313	44,485
				Equipment and vehicles \$'000		Total \$'000
Company						
2014						
Cost:						
At 1 January 2014					197	197
Additions					171	171
Disposals					(197)	(197)
At 31 December 2014					171	171
Accumulated depreciation:						
At 1 January 2014					98	98
Depreciation charge					36	36
Disposals					(108)	(108)
At 31 December 2014					26	26
Carrying amount:						
At 31 December 2014					145	145

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Equipment and vehicles \$'000	Total \$'000
2013		
Cost:		
At 1 January/31 December 2013	197	197
Accumulated depreciation:		
At 1 January 2013	59	59
Depreciation charge	39	39
At 31 December 2013	98	98
Carrying amount:		
At 31 December 2013	99	99

Leased plant and equipment

As at the end of financial year, the Group had a vehicle with net book value of approximately \$215,000 (2013: \$Nil) acquired under finance lease. Leased assets are pledged as security for the related finance lease liabilities.

Revaluation of land and buildings

Freehold land and buildings of Australia are revalued by McGees Property and AVS Property Valuers, a firm of independent professional valuers, at open market value on a highest and best use basis, which is in line with its current use. As a result of the revaluation, the valuation of land for freehold residential properties of \$1,328,000 previously classified under freehold buildings has been reclassified to freehold land during the financial year.

Leasehold land and buildings in Singapore are revalued by CBRE Pte Ltd, a firm of independent professional valuers, at open market value on a highest and best use basis, which is in line with its current use. The revaluation surplus amounting to \$528,000 (2013: \$Nil), net of deferred tax of \$127,000 (2013: \$Nil), has been transferred to the revaluation reserve of the Group.

Based on the valuation reports, the Group recognised an impairment loss of \$1,633,000 (2013: \$Nil) on Group's freehold and leasehold land and buildings.

If the land and buildings stated at valuation were included in the financial statements at cost less accumulated depreciation and impairment, their net book values would be:

	Group	
	2014 \$'000	2013 \$'000
Freehold land	6,446	5,177
Freehold buildings	8,938	12,712
Leasehold land and buildings	4,211	3,876
At end of year	19,595	21,765

Security

The Group's freehold land and buildings, leasehold land and buildings with a carrying amount of \$Nil (2013: \$36,435,000) were mortgaged to secure the Group's bank borrowings (Note 27).

As at 31 December 2014, the Group carried out a review of the recoverable amount of its plant and equipment and has not noted indication that the Group's plant and equipment are impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**Details of the Group's land and buildings comprise the following:**

<u>Location</u>	<u>Title</u>	<u>Description</u>
No.28 Joo Koon Circle, Singapore 629057	Leasehold building (Leased, expiring in August 2038)	A two-storey warehouse cum office building
No.24/26 Joo Koon Circle, Singapore 629055	Leasehold building (Leased, expiring in June 2041)	A two-storey warehouse cum office building
No.35 Joo Koon Road, Singapore 628987	Leasehold building (Leased, expiring in August 2041)	A factory building
20 Leonard Way, Karratha WA 6714, Western Australia	Freehold property	A residential property
16 O'Brien Way, Karratha WA 6714, Western Australia	Freehold property	A residential property
78, Bajamalu Drive, Baynton, Karratha WA 6714, Western Australia	Freehold property	A residential property
1932 Coolawanyah Road, Karratha Industrial Estate, Karratha, Western Australia	Freehold land and property	Approximately 16,700 square metres land and warehouse cum office facilities
Lots 71, 72, 79 & 80, Deposited Plan 56822, Australian Marine Complex, Henderson WA, Australia	Freehold land and property	Approximately 11,500 square metres land and warehouse cum office facilities

Measurement of fair value**Valuation techniques used to derive Level 3 fair values:**

A reconciliation of the opening and closing fair value balance is provided below.

	Group	
	2014	2013
	\$'000	\$'000
At 1 January (Level 3 recurring fair value)	37,532	39,646
Additions	717	1,097
Depreciation charge	(1,029)	(1,001)
Gains: included in 'other comprehensive income'		
- Gain on revaluation of leasehold land and buildings	655	-
Loss: included in 'other expenses/income'		
- Impairment loss on freehold land, leasehold land and buildings	(1,633)	-
- Exchange differences	(728)	(2,210)
At 31 December (Level 3 recurring fair value)	<u>35,514</u>	<u>37,532</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Description	Fair value measurements at 31 December 2014 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Freehold land and buildings - Australia	-	-	15,384
Leasehold land and buildings - Singapore	-	-	20,130
Total fair value	-	-	35,514

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of land and buildings, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below. There were no changes to the valuation technique during the year.

For land and buildings categorised under Level 3 of the fair value hierarchy, the following information is relevant:

Descriptions	Valuation techniques	Key unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Freehold land and buildings – Australia	Summation approach	Replacement building area rate	A\$350 to A\$1,750 per sqm (2013: A\$350 to A\$ 2,950 per sqm)	Increase in replacement building area rate would result in higher fair value.
	Capitalisation approach	Capitalisation rate	8.25% to 11.00% (2013: 8.00% to 11.50%)	Increase in capitalisation rate would result in lower fair value.
	Direct comparison approach	Price per square metre ⁽¹⁾	A\$695 to A\$1,484 per sqm (2013: A\$816 to A\$1,699 per sqm)	Increase in price per square metre would result in higher fair value.
Leasehold land and buildings - Singapore	Direct comparison approach	Price per square metre ⁽¹⁾	\$2,023 to \$4,164 per sqm (2013: \$1,824 to \$5,100 per sqm)	Increase in price per square metre would result in higher fair value.

⁽¹⁾ The yield adjustments are made for any difference in the nature, location or condition of the specific property.

12. INTANGIBLE ASSETS

	Group	
	Computer software 2014	2013
	\$'000	\$'000
Cost:		
At beginning and at end of year	231	231
Accumulated amortisation and impairment:		
At beginning of year	211	187
Amortisation for the year	13	24
At end of year	224	211
Carrying amount:		
Net carrying amount at end of year	7	20

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

13. GOODWILL

	Group	
	2014 \$'000	2013 \$'000
Cost:		
At beginning of year	3,181	3,181
Impairment loss:		
At beginning and at end of year	(2,633)	(2,633)
Net carrying value:		
At end of year	548	548

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each CGU are as follow:

	Group	
	2014 \$'000	2013 \$'000
Windsor Marine Pte Ltd	60	60
Sinwa Australia Pty Ltd	488	488
	548	548

The recoverable amounts of the CGU were based on its value in use and were determined by the management based on their best estimate and knowledge of the marine industry.

The carrying amounts of CGU were determined to be lower than its recoverable amount and no impairment is required.

Value in use was determined by discounting the future cash flows generated from continued use of the units. Unless indicated otherwise, value in use in 2014 was determined similarly as in 2013. The calculation of the value in use was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and five year business plan in both 2013 and 2014 with growth rate of 3% (2013: 3% per annum), which does not exceed the long-term average growth rate for the industry.
- Discount rate of 10% (2013: 10% per annum) was used to determine the recoverable amounts of the units. The discount rate was estimated based on past experience and bench mark with the industry average weighted average cost of capital.
- There are no changes in cost structure of goods and services provided to customer.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	Group and Company	
	2014 \$'000	2013 \$'000
Investment in quoted debt securities, at amortised cost	250	-

The debt security which is denominated in Singapore dollar, has nominal value of \$250,000, with coupon rate of 4.25% per annum, payable at half-yearly interval, and mature on 17 October 2017. The management has assessed the fair value of the investment in debt securities to be Level 1 fair value and approximate its carrying amount as at 31 December 2014.

There were no disposals or allowances for impairment for the debt securities.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	\$'000	\$'000
Unquoted equity shares, at cost	6,446	6,446
Loans to subsidiaries	5,317	5,317
	<u>11,763</u>	<u>11,763</u>
Less: Impairment loss		
At beginning of year	-	(490)
Disposal of subsidiaries	-	490
At end of year	<u>-</u>	<u>-</u>
Net carrying value at end of year	<u>11,763</u>	<u>11,763</u>

The loans to subsidiaries form part of the Company's net investment in certain of its local subsidiaries. These loans are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Loans to subsidiaries are denominated in Singapore dollar.

In previous financial year ended 2013, the impairment was reversed upon disposal of AMS Marine Pte. Ltd. ("AMSM") and AMS Engineering Pte. Ltd. ("AMSE") as disclosed in Note 25.

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation/place of operation and principal activities)	Cost of investment in Company's/ subsidiaries' books		Effective equity interest held by the Group	
	2014 \$'000	2013 \$'000	2014 %	2013 %
Sinwa SS Pte. Ltd. Singapore Investment holding	4,919	4,919	100	100
Seafirst Marine Services Pte. Ltd. Singapore Marine supply and logistics, ship agency and general husbandry	1,120	1,120	100	100
Sinwa Offshore Pte. Ltd. Singapore Project management and support services to the offshore drilling industry	50	50	100	100
Windsor Marine Pte Ltd Singapore Marine supply and logistics, import and export and commission agents	188	188	100	100
Sinwa International Pte. Ltd. Singapore Investment holding	#	#	100	100
Sinwa Emerald Pte. Ltd. Singapore Vessel chartering	69	69	100	100
Sinwa Engineering Holding Pte. Limited Singapore Investment holding	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries (Country of incorporation/place of operation and principal activities)	Cost of investment in Company's/ subsidiaries' books		Effective equity interest held by the Group	
	2014 \$'000	2013 \$'000	2014 %	2013 %
Subsidiaries of Sinwa Offshore Pte. Ltd.:				
Sinwa Offshore Logistics Sdn Bhd Malaysia Dormant ⁽⁴⁾	#	#	80	80
Sinwa (Thailand) Ltd ⁽⁵⁾ Thailand Dormant ⁽⁴⁾	39	-	79	-
Subsidiaries of Sinwa SS Pte. Ltd.:				
Sinwa (Singapore) Pte Ltd Singapore Marine supply and logistics	1,980	1,980	100	100
Sinwa Marine Pte Ltd Singapore Ship agency and general husbandry	263	263	100	100
Sinwa SS (HK) Co. Limited ⁽¹⁾ Hong Kong Investment holding	2	2	100	100
Subsidiaries of Sinwa Marine Pte Ltd:				
IMS (Shanghai) Co., Ltd ⁽⁴⁾ China Trading and exports	213	213	100	100
Sinwa Marine Services (Dalian) Pte. Ltd. ⁽⁵⁾ Singapore Marine supply and general husbandry	#	-	100	-
Sinwa Marine Services (Tianjin) Pte. Ltd. ⁽⁵⁾ Singapore Marine supply and general husbandry	#	-	100	-
Sinwa Marine Services (Qingdao) Pte. Ltd. ⁽⁵⁾ Singapore Marine supply and general husbandry	#	-	100	-
Subsidiaries of Sinwa International Pte. Ltd.:				
Sinwa Australia Pty Ltd ⁽²⁾⁽³⁾ Australia Marine supply and logistics	1,372	1,372	100	100
Sinwa AIMS Pty Ltd ⁽²⁾⁽³⁾ Australia Marine supply and logistics	782	782	100	100
Sinwa Holdings (Australia) Pty Ltd ⁽²⁾⁽³⁾ Australia Investment holding	4,136	4,136	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries (Country of incorporation/place of operation and principal activities)	Cost of investment in Company's/ subsidiaries' books		Effective equity interest held by the Group	
	2014 \$'000	2013 \$'000	2014 %	2013 %
Subsidiaries of Sinwa Engineering Holding Pte. Limited:				
Sinwa Engineering Pte. Limited Singapore Engineering services for marine engine and ship parts	70	70	70	70
Subsidiaries of Sinwa Engineering Pte. Limited:				
Sinwa Engineering (Gold) Pte. Limited Singapore Engineering services for marine engine and ship parts	100	100	70	70
Sinwa Engineering (Jade) Pte. Limited Singapore Engineering services for marine engine and ship parts	100	100	70	70
Sinwa Engineering (Ruby) Pte. Limited Singapore Engineering services for marine engine and ship parts	100	100	70	70
Sinwa Engineering (Sapphire) Pte. Limited Singapore Engineering services for marine engine and ship parts	100	100	70	70

Cost of investment is less than \$1,000

(1) Audited by BDO Limited, Hong Kong, a member firm of BDO International.

(2) Not required to be audited under the laws of the country of incorporation.

(3) Audited by BDO Audit (WA) Pty Ltd, Australia, a member firm of BDO International for purposes of consolidation for the financial year ended 31 December 2014.

(4) Not audited as it is dormant and insignificant to the Group.

(5) These subsidiaries are newly-incorporated during the financial year.

Other than as disclosed above, all the subsidiaries are audited by BDO LLP, Singapore.

16. INVESTMENT IN ASSOCIATE

	Group	
	2014 \$'000	2013 \$'000
Unquoted equity shares at cost	24	24
Less: Allowance for impairment	(24)	(24)
	-	-
Movement in allowance for impairment		
At beginning and end of year	24	24

The associate, LS Offshore Services Pty Ltd was incorporated in Australia in year 2006 with Sinwa International Pte. Ltd., a wholly-owned subsidiary of Sinwa Limited, holding a 49% equity interests in the associate. Its principal activities are shipping agency, offshore marine supply and logistics.

Since incorporation, the associate has not commenced operations and it is not required to be audited under the laws of the country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

17. INVESTMENT IN JOINT VENTURES

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
		Restated		
Interest in joint ventures	24	723	9,987	10,672
Less: impairment loss				
At beginning of year	-	-	(9,976)	-
Impairment loss for the year	-	-	-	(9,976)
Reversal of impairment	-	-	14	-
	-	-	(9,962)	(9,976)
Net carrying amount of the year	24	723	25	696

The details of the joint ventures are as follows:

Name of joint ventures (Country of incorporation/place of operation and principal activities)	Cost of investment in Company's books		Effective equity interest held by the Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Yakki International Pte Ltd Singapore Vessel chartering	386	386	50	50
SB Barge Pte. Ltd. Singapore Marine launch services	25	-	50	-

Yakki International Pte Ltd ("Yakki")

Yakki is an unlisted joint arrangement in which the Group has joint control via investors' agreement and 50% (2013: 50%) ownership interest. Yakki is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly the Group has classified its interest in Yakki as a joint venture, which is equity-accounted.

Yakki has become dormant subsequent to its disposal of liftboat KS Titan 2 in 2003, and is in the process to strike off the company from Register pursuant to Section 344 of The Companies Act, Cap. 50. As at 31 December 2014, the striking off of the company registration is still in progress.

The reversal of impairment loss was mainly due to the repayment received from Yakki as final distribution of bank balance to its shareholders.

SB Barge Pte. Ltd. ("SB")

SB is an unlisted joint arrangement in which the Group has joint control via investors' agreement and 50% (2013: Nil%) ownership interest. SB is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in SB as a joint venture, which is equity-accounted.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

17. INVESTMENT IN JOINT VENTURES (CONTINUED)

The following summarised the financial statements of each joint venture based on their respective financial statement prepared in accordance with FRS, modified for fair value adjustment on acquisition and differences in the Group accounting policies.

	Yakki \$'000	SB \$'000
2014		
Revenue	-	155
Loss for the year	(2)	(2)
Other comprehensive income	14	-
Total comprehensive income	12	(2)
Included in the above amount are:		
Depreciation	-	15
Non-current assets		
Current assets	-	279
Non-current liabilities	-	102
Current liabilities	-	(300)
Net assets	-	(33)
	-	48
Included in the above amount are:		
Cash and cash equivalents	-	69

	Yakki \$'000	SB \$'000	Total \$'000
2014			
Group's interest in net assets of joint ventures at beginning of year	723	-	723
Share of total comprehensive income	6	(1)	5
Group's investment during the year	-	25	25
Distribution during the year	(729)	-	(729)
Carrying amount of interest in joint ventures at end of year	-	24	24

	Yakki \$'000	SB \$'000
2013		
Restated		
Revenue	-	-
Profit for the year	568	-
Other comprehensive income	(592)	-
Total comprehensive income	(24)	-
Included in the above amount are:		
Interest income	2	-
Income tax expenses	746	-
Non-current assets	-	-
Current assets	1,470	-
Non-current liabilities	-	-
Current liabilities	(22)	-
Net assets	1,448	-
Included in the above amount are:		
Cash and cash equivalents	1,468	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

17. INVESTMENT IN JOINT VENTURE (CONTINUED)

	Yakki \$'000	SB \$'000	Total \$'000
2013			
Restated			
Group's interest in net assets of joint ventures at beginning of the year	23,837	-	23,837
Share of total comprehensive income	(12)	-	(12)
Distribution during the year	(23,102)	-	(23,102)
Carrying amount of interest in joint ventures at the end of year	723	-	723

18. OTHER ASSETS

	Group	
	2014 \$'000	2013 \$'000
Non-current:		
Club memberships	43	43
Less: Allowance for impairment	(22)	(22)
	21	21
Available-for-sale financial asset (unquoted shares in an Australian cooperative)	36	36
Total other assets	57	57

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Current:				
<u>Trade receivables:</u>				
Third parties	39,343	36,682	-	-
Subsidiaries	-	-	-	1,629
Less: Allowance for impairment	(649)	(386)	-	-
PRC licensees	57	150	-	-
	38,751	36,446	-	1,629
<u>Other receivables:</u>				
Joint ventures	-	-	56	56
Subsidiaries	-	-	52,014	54,399
Staff loans	18	9	-	-
Other receivables	406	994	31	709
Deposits	522	461	117	77
PRC licensees	80	-	-	-
Less: Allowance for impairment on amount due from subsidiaries	-	-	(727)	(413)
Total trade and other receivables	39,777	37,910	51,491	56,457
Non-current:				
<u>Other receivables:</u>				
Joint ventures	156	-	155	-
PRC licensees	1,294	1,268	-	-
Less: Allowance for impairment on amount due from PRC licensees	(490)	-	-	-
	960	1,268	155	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Movements in allowance for impairment:				
At beginning of year	386	1,085	413	625
Charge to profit or loss	761	-	314	-
Reversal to profit or loss	(3)	(225)	-	(212)
Bad debts written off	(5)	(474)	-	-
Balance at end of year	1,139	386	727	413

The impairment for the Group and Company are mainly due to certain debtors that have indicated that they are not expecting to be able to pay their outstanding balances mainly due to financial difficulties.

The table below is an analysis of trade receivables as at the end of the financial year:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Not past due and not impaired	21,214	25,463	-	1,629
Past due but not impaired	17,537	10,983	-	-
Impaired receivables	649	386	-	-
Less: Allowance for impairment	(649)	(386)	-	-
	38,751	36,446	-	1,629
Aging of receivables that are past due but not impaired				
< 6 months	16,415	7,970	-	-
7 months to 12 months	782	2,097	-	-
>12 months	340	916	-	-
	17,537	10,983	-	-

The average credit period generally granted to trade receivable customers is about 30 to 90 days (2013: 30 to 90 days). The carrying amounts of the trade receivables approximate their fair value due to their relatively short term maturity.

In determining the recoverability of a trade receivables, the Group considers any changes in the credit quality of the trade receivables from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure the credit is extended only to customers with acceptable credit history and/or payment track record. Allowances for doubtful trade receivables are made on specific trade receivables when there is objective evidence that the Group will not be able to collect all amounts due. Included in current year provisions are mainly specific allowances for impairment of certain long outstanding receivables which are deemed to be uncollectible.

The Company has other receivables from its subsidiaries that are not considered past due because there are no credit terms given to these transactions of mainly dividends and advances. Other receivables from subsidiaries and joint venture are unsecured, interest-free and repayable on demand.

PRC licensees refer to appointed marine supply and logistics companies under mutual co-operation agreements. Under these agreements, the SINWA brand name is licensed to these companies and management, technical and consultancy support services are provided to them. As such, the Group has made advances to the PRC licensees for the initial start-up, future infrastructural branding and market development of Sinwa business.

During the current financial year, Sinwa (Dalian) Ship Supply Co., Ltd, Sinwa (Tianjin) Ship Supply Co., Ltd, Sinwa (Qingdao) Marine Co., Ltd and Sinwa (Lianyungang) Ship Supply Co., Ltd have ceased the mutual co-operation arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2014, the PRC licensees are Sinwa Marine Services (Shanghai) Co., Ltd and Sinwa Marine Service (Zhoushan) Co., Ltd.

The trade receivables from and payables to the PRC licensees are settled within the agreed trade credit term of 90 days. However, the Group has no intention to call for repayment of the non-trade amounts owing by the PRC licensees in the foreseeable future and has therefore, classified these non-trade amounts as non-current assets. The carrying amounts of other receivables due from joint ventures and PRC licensees are interest-free and unsecured. The Group is unable to determine the fair value of these non-current receivables as these other receivables will not be repaid in the next 12 months and there is no fixed term of repayment. As at 31 December 2014, allowance for impairment in the non-trade amount due from these PRC licensees was \$490,000 (2013: \$Nil).

The Group's and Company's trade and other receivables balances are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current:				
Singapore dollar	31,506	30,085	41,494	49,210
United States dollar	1,463	1,244	104	301
Australian dollar	6,680	6,417	9,893	6,946
Euro	6	126	-	-
Renminbi	32	5	-	-
British pound	90	33	-	-
	<u>39,777</u>	<u>37,910</u>	<u>51,491</u>	<u>56,457</u>
Non-current:				
Singapore dollar	<u>960</u>	<u>1,268</u>	<u>155</u>	<u>-</u>

20. INVENTORIES

	Group	
	2014	2013
	\$'000	\$'000
Finished goods	<u>4,200</u>	<u>4,918</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$113,909,000 (2013: \$102,986,000).

During the year, inventories of \$200,000 (2013: \$279,000) were written down to realisable value. The write downs are included in "other (expenses)/income - net".

21. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2014	2013
	\$'000	\$'000
		Restated
Carrying amount at end of year	<u>15,116</u>	<u>15,116</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

21. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

Nordic International Limited ("NIL")

Subsequent to the ruling by the Tribunal in SIAC Arbitration No. 4/2012 in October 2013, on 27 November 2013 and 8 January 2014, the Tribunal made procedural directions to appoint third parties professional firms to assist in determining the valuation of NIL share as at 2 December 2011. The valuation process is still ongoing as at 31 December 2014.

The trial for S875, which commenced on 16 November 2010, concerns NIL's claim against Mr. Morten Innhaug for breach of fiduciary duties in NIL procuring the assignment of the Time Charter of NIL's vessel to a company owned and controlled by him, Nordic Geo Services Limited ("NGS"), will resume with the next Pre-Trial Conference scheduled on 7 May 2015.

As at end December 2014, through a consent summary judgement application, NIL has obtained leave of Court to commence arbitration against BGP in January 2015.

As at 31 December 2014, there is no significant development of the cases as all amended pleadings have already been filed by both parties. The action has proceeded to the stage where both parties have filed their respective Supplementary Lists of Documents and mutual discovery of documents is underway. The Group will make an update announcement as and when necessary.

As the disposal of NIL shares is still pending the court decision and as such the investment in NIL continues to be classified as assets held for sale.

22. CASH, BANK BALANCES AND FIXED DEPOSITS

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	Restated			
Cash at banks	12,102	16,747	883	4,172
Fixed deposits	12,506	7,000	12,506	7,000
Cash on hand	196	260	-	-
Cash, bank balances and fixed deposits	24,804	24,007	13,389	11,172
Less: Fixed deposits pledged	(3,726)	-	(3,726)	-
Cash and cash equivalents in the statement of cash flows	21,078	24,007	9,663	11,172

Fixed deposits bear effective interest rate of 0.5% - 3.45% (2013: 0.18% - 0.28%) per annum and for a tenure of approximately 60 days (2013: 30 days).

The fixed deposit pledged bear effective interest rate of 0.35% (2013: Nil%) per annum.

The Group's and Company's cash, bank balances and fixed deposits are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	Restated			
Singapore dollar	11,894	15,668	5,432	7,890
United States dollar	10,196	6,925	6,497	3,234
Australian dollar	2,659	1,359	1,460	48
Hong Kong dollar	-	2	-	-
Euro	8	19	-	-
Renminbi	41	28	-	-
Others	6	6	-	-
	24,804	24,007	13,389	11,172

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

23. SHARE CAPITAL AND TREASURY SHARES

	2014	Group and Company 2013	2014	2013
	Number of ordinary shares		Amount \$'000	\$'000
Issued share capital				
Issued and paid up:				
At beginning of year	336,856,867	336,856,867	40,734	40,734
Issued of share plan (Note 33)	3,840,000	-	737	-
At end of year	340,696,867	336,856,867	41,471	40,734
Treasury shares				
At beginning and at end of year	(2,177,532)	(2,177,532)	(961)	(961)

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

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

24. OTHER RESERVES

	Group 2014 \$'000	2013 \$'000 Restated	Company 2014 \$'000	2013 \$'000
Composition:				
Capital reserve	108	108	108	108
Foreign currency translation reserve	(2,974)	(2,613)	-	-
Equity compensation reserve	-	294	-	294
Revaluation reserve	14,009	13,481	-	-
	11,143	11,270	108	402
Movement:				
(1) <i>Capital reserve</i>				
At beginning and at end of year	108	108	108	108
(2) <i>Foreign currency translation reserve</i>				
At beginning of year	(2,613)	(3,172)	-	-
Translation differences on foreign operations	(368)	855	-	-
Share of foreign currency translation differences on joint ventures	7	(296)	-	-
At end of year	(2,974)	(2,613)	-	-
(3) <i>Equity compensation reserve</i>				
At beginning of year	294	-	294	-
Value of employee service received	443	294	443	294
Issued of share	(737)	-	(737)	-
At end of year	-	294	-	294
(4) <i>Revaluation reserve</i>				
At beginning of year	13,481	13,481	-	-
Gain on revaluation of leasehold land and buildings	655	-	-	-
Deferred tax liabilities relating to the gain on revaluation	(127)	-	-	-
At end of year	14,009	13,481	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

24. OTHER RESERVES (CONTINUED)

The capital reserve represents the amount arising from the issuance of treasury shares to an employee of the Group.

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

The equity compensation reserve comprises the cumulative value of employee services received for the issue of share plan scheme of the Company. This reserve is non-distributable.

Revaluation reserve relates to the revaluation of land and buildings, net of tax. This reserve is non-distributable.

25. DISPOSAL OF SUBSIDIARIES

The Company announced on 6 February 2013 that the Group entered into a Sale and Purchase Agreement (the "Agreement") with its joint venture partners, SZW investments Pte. Ltd. ("SZW") and GZC Investments Pte. Ltd. ("GZW"). Pursuant to the Agreement, the Company will dispose its 70% shareholding interests in AMS Marine Pte. Ltd. to SZW and 70% shareholding interest in AMS Engineering Pte. Ltd. to GZC for a total consideration of \$2,800,000.

On 3 May 2013, the Company announced the completion of disposal of the Company's 70% shareholdings in AMSM and AMSE. Pursuant to the Agreement, the disposal is deemed effective from 1 January 2013, both AMSM and AMSE financial results were not consolidated into the Group's result for FY2013.

The effect of disposal is as follow:

	Group 2013 \$'000
Details of net assets disposed of:	
Plant and equipment	982
Trade and other receivables	6,141
Work-in-progress	103
Inventory	228
Cash and cash equivalents	150
Trade and other payables	(7,435)
Borrowings	(390)
Non-controlling interests	63
Net liabilities	(158)
Add: Loan to AMSM and AMSE	2,825
Net assets derecognised	2,667
Disposal consideration	2,800
Gain on disposal of subsidiaries	133

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

26. FINANCE LEASES

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
2014			
Minimum lease payable:			
Due within one year	22	(2)	20
Between one to five year	44	(4)	40
Total	66	(6)	60

The Group had no finance leases in 2013.

The lease terms are repayable over 4 years (2013: Nil).

The effective rate of interest for finance lease was 5.31% (2013: Nil%) per annum. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases were secured by the lessor's charge over the leased assets. The Group's finance leases are denominated in Singapore dollar. The carrying amounts of the non-current finance leases are approximate their fair value.

27. BORROWINGS

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Term loans	3,251	8,504	3,251	3,355
Advances from non-controlling interests	-	166	-	-
Total borrowings	3,251	8,670	3,251	3,355
Less: short-term borrowings	(542)	(8,670)	(542)	(3,355)
Long-term borrowings, between one to five years	2,709	-	2,709	-

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	31 December 2014		31 December 2013	
				Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group							
Secured bank loan ⁽¹⁾	USD	1.75%	2014	-	-	633	633
Secured bank loan ⁽²⁾	USD	SIBOR+1.25%	2014	-	-	3,355	3,355
Secured bank loan ⁽³⁾	AUD	BBSY+1.85%	2014	-	-	4,516	4,516
Secured bank loan ⁽⁴⁾	AUD	BBSW+0.35%	2015	542	542	-	-
Secured bank loan ⁽⁴⁾	AUD	BBSW+0.35%	2016	2,709	2,709	-	-
Unsecured loan from non-controlling interests	SGD	-	-	-	-	166	166
Total borrowings				3,251	3,251	8,670	8,670

(1) Secured by corporate guarantee from the Company.

(2) Secured by corporate guarantee from a Singapore subsidiary.

(3) Secured by corporate guarantees from the Company and an Australian subsidiary.

(4) Secured by pledged of USD fixed deposit.

The weighted average effective interest for the term loans is 3.15% (2013: 3.11%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
		Restated		
Trade Payables:				
Third parties	19,275	22,311	-	-
PRC licensees	277	64	-	-
Accrued liabilities	2,126	2,493	404	341
Other payables:				
Third parties	4,170	932	1,440	768
Subsidiaries – non-trade	-	-	25,531	29,890
Total trade and other payables	25,848	25,800	27,375	30,999

The average credit period taken to settle the trade payables is about 90 days (2013: 90 days). Other payables are short-term in nature. The carrying amounts approximate their fair values.

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

The Group's and Company's trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
		Restated		
Singapore dollar	20,812	20,991	26,335	30,936
United States dollar	648	207	1,040	63
Australian dollar	4,236	4,442	-	-
Hong Kong dollar	26	18	-	-
Euro	-	27	-	-
Renminbi	121	113	-	-
Others	5	2	-	-
	25,848	25,800	27,375	30,999

29. DIVIDENDS

Dividends (one-tier exempt tax) paid during the financial year:

	Group and Company	
	2014	2013
	\$'000	\$'000
By the Company:		
Special dividend of \$0.0125 per share (2013: \$0.015)	4,207	5,020
Interim dividend \$0.005 per share (2013: \$0.02)	1,683	6,694
Final dividend of \$0.01 per share (2013: \$Nil)	3,366	-
	9,256	11,714

Subsequent to year end, the directors propose that a final dividend of \$0.005 per share (one tier exempt tax) totaling \$1,692,000 for financial year 2014 to be paid to shareholders of the Company. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

30. COMMITMENTS

30.1 Capital commitments

As at the balance sheet date, the Group has the following commitments in respect of property, plant and equipment:

- capital expenditure contracted but not provided for \$392,000 (2013: \$520,000).
- capital expenditure approved but not contracted for \$11,346,000 (2013: \$8,660,000).

30.2 Operating lease commitments (when the Group is a lessee)

At the end of the financial year, commitments in respect of non-cancellable operating leases with a term of more than one year were as follows:

	Group	
	2014 \$'000	2013 \$'000
Future minimum lease payments payable:		
Within one year	413	437
Within two to five years	1,254	1,331
After five years	5,844	5,668
	<hr/>	<hr/>
Rental expense for the year	497	529

Operating lease payments represent rentals payable for the Group's JTC leasehold properties in Singapore and other premises.

The lease rental terms on the Group's JTC leasehold properties are negotiated for an average term of 30 + 30 basis years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

30.3 Operating lease commitments (when the Group is a lessor)

At the end of the financial year, the commitments in respect of operating leases with a term of more than one year were as follows:

	Group	
	2014 \$'000	2013 \$'000
Future minimum lease rental receivable:		
Within one year	-	1,246
	<hr/>	<hr/>
Charter income for the year	311	1,519

During the financial year, operating lease for the anchor handling tug ("AHT") to a third party had ceased upon the disposal of the AHT.

31. CORPORATE GUARANTEE

The Company has undertaken to provide corporate guarantee of \$Nil [2013: US\$501,000 (\$633,000 equivalent) and A\$4,000,000 (\$4,516,000 equivalent)] to certain banks to secure banking facility for certain subsidiaries. The fair value of the corporate guarantee is immaterial based on the management's estimates.

The earliest period that the previous year's corporate guarantee could be called is one year from 31 December 2013. Management had considered that it was more likely than not that no amount will be payable under the arrangement.

The corporate guarantee has been discharged during the financial year 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

32. SIGNIFICANT RELATED PARTY 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 apply:
 - (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 ventures 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 entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

32.1 Related companies

There are transactions and arrangements between the Company and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, repayable on demand and interest-free unless otherwise stated. For non-current balances, an interest is imputed based on the cost of borrowing unless the loan forms part of the Company's net investments in subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions during the financial year between the Company and its subsidiaries at rates and terms agreed between the parties:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Dividend income from subsidiaries	-	-	10,000	17,000
Management fee income from subsidiaries	-	-	6,335	6,090
Interest income from subsidiaries	-	-	432	119
Rental expenses to a subsidiary	-	-	(33)	-
Purchase of services from joint ventures	116	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**32.1 Related companies (Continued)**

In the previous financial year, Sinwa Engineering Pte. Limited and its subsidiaries had entered into arrangement with Fu Onn Group of companies at the date of acquisition of Fu Onn business to recognise billing, and expenses on a back to back basis including payment of foreign worker expenses and received on behalf from customers. Summary are as follow:

	Group	
	2014 \$'000	2013 \$'000
Foreign workers expenses and related expenses paid on behalf by		
Fu Onn Group of companies	-	419
Revenue billed on behalf by Fu Onn Group of companies	-	854
Payment made by the Group to Fu Onn Group of companies	-	1,270
Payment made by Fu Onn Group of companies to the Group	-	1,352
Waiver of trade debts by Fu Onn Group of companies	1,682	-

32.2 Related parties

There are transactions and arrangements between the Company and other related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, the Group had the following transactions based on rates and terms agreed between the parties:

	Group	
	2014 \$'000	2013 \$'000
Rental paid to Evenstar (Australia) Pty Ltd by an Australian subsidiary	137	211
Remuneration paid to consultant - Sim Yong Teng	711	533

Evenstar (Australia) Pty Ltd is a company owned by a director, Timothy Sim Li-Meng.

Mr. Sim Yong Teng is the father of Mr. Timothy Sim Li-Meng, the Executive Director of the Company.

32.3 Key management personnel compensation

	Group	
	2014 \$'000	2013 \$'000
Salaries and other short-term employment benefits	2,650	2,369
Contributions to defined contribution plan	83	82
Share-based payments	369	369

The above amounts are included under staff costs (Note 7) and are related to:

	Group	
	2014 \$'000	2013 \$'000
Directors of the Company	1,850	1,466
Other key management personnel	1,252	1,279
	3,102	2,745

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

32.3 Key management personnel compensation (Continued)

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management personnel compensation are for the directors of the Company (including directors' fees of Independent Directors) and other key management personnel in the Group.

33. SHARE-BASED PAYMENTS ARRANGEMENT

Sinwa Share Plan

This relates to compensation costs of the Company's performance Share Plan reflecting the benefits accruing to the employee over the service period to which the performance criteria relate.

The terms and conditions related to the grants of share plan are as follow, and to be settled by physical delivery of shares.

Grant Date	Market price at Grant Date	Employee entitlement	Number of instruments	Vesting condition	Program duration
13 December 2013	\$0.192/ per share	Directors of the Company	4,100,000	In service on the date of vesting. Upon satisfying the condition, the Grant to be released in the following proportion: First tranche - 13 January 2014 - 30% Second tranche – 13 December 2014 - 30% Third Tranche – 13 December 2015 - 40%	Three years
13 December 2013	\$0.192/ per share	Key Executives of the Group	2,300,000	In service on the date of vesting. Upon satisfying the condition, the Grant to be released in the following proportion: First tranche - 13 January 2014 - 30% Second tranche – 13 December 2014 -30% Third Tranche – 13 December 2015 - 40%	Three years
Total share grant			6,400,000		

During the year, the Group recognised total expenses of \$369,000 (2013: \$369,000) related to equity-settled share-based payments transactions and the corresponding number of share comprised in awards under the Sinwa Share Plan that was released was 3,840,000 (2013: Nil).

As at 31 December 2014, the number of share comprised in awards granted under the Sinwa Share Plan but not determined and not released is 2,560,000 (2013: 6,400,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

34. STATEMENT OF OPERATIONS BY SEGMENT

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2.25).

Segment reporting policy

A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other economic environment and business segments respectively.

Inter-segment pricing is determined on an arm's length basis and these transactions are eliminated on consolidation. Segment results, assets and liabilities include items directly attributable to a segment. Unallocated items mainly comprise corporate assets and liabilities or profit or loss items that are not directly attributable to a segment or those that cannot be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment information is presented in respect of the Group's business and geographical segments. Business segments are based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group. In presenting information on the basis of geographical segments, segment revenue and segment assets are recognised based on the countries in which the entities owning the revenue generating assets are incorporated.

The Group, which serves sea going vessels and the offshore industry in Singapore, the PRC, Hong Kong and Australia is principally engaged in the following business activities:

34.1 Marine supply ("Supply")

The Group supplies deck stores, engine stores, electrical stores, safety equipment, general consumables and tools and provisions and bonded stores (duty free liquor and tobacco products).

34.2 General ship agency and marine logistics

(i) General ship agency ("Agency")

The Group services ship owners, ship managers and oil rig operators in matters relating to their crew, vessels and oil rigs arriving at and departing from Singapore. These matters include port and customs clearances and documentation, deslopping and sludge removal and other matters as requested from time to time.

(ii) Marine logistics ("Logistics")

The Group also provides ship and rig owners with temporary and medium to long-term storage of goods and equipment; trans-shipment and other logistics support.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

34. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Segment reporting policy (Continued)

34.3 Charter

The Group has two joint ventures to build and own a seismic vessel and a launch vessel. The seismic vessel was reclassified as assets held for sale in 2012.

The Anchor Handling Tug ("AHT") acquired by the Group in financial year 2009 was leased out in Australia and the AHT was disposed during the year.

With adoption of FRS111, the Group restated its comparative figure for charter segment.

34.4 Property holding

Warehouse cum office facilities in Henderson and Karratha in Australia are classified in the property holding segment to monitor its property holding revenue.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. 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.

34.5 Engineering - Discontinued

On 14 December 2012, the Company announced that the Company and the joint venture partners have entered into a winding up agreement to wind up voluntarily the joint venture companies, Sinwa Engineering Pte. Limited, and its subsidiaries, Sinwa Engineering (Ruby) Pte. Limited, Sinwa Engineering (Gold) Pte. Limited, Sinwa Engineering (Jade) Pte. Limited and Sinwa Engineering (Sapphire) Pte. Limited (collectively named as "SEPL Group"). The winding up of the SEPL Group is still in progress as at 31 December 2014.

Therefore, engineering segment had been classified as discontinued operations accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

Subsustainability. Growth. Confidence

34. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments

2014

Group revenue

Total revenue from external customers	148,606	Agency & logistics \$'000	Charter \$'000	Property holding \$'000	Elimination \$'000	Continuing operations \$'000	Engineering discontinued \$'000	Consolidated \$'000
		4,859	311	512	-	154,288	-	154,288
Inter-segment revenue	1,367	811	-	2,030	(4,208)	-	-	-
Total revenue	149,973	5,670	311	2,542	(4,208)	154,288	-	154,288

2014

Group profit/(loss)

Profit/(loss) before interest, income tax, depreciation and amortisation

Interest income	25	-	-	-	88	113	-	113
Interest expense	(2)	-	-	(87)	(70)	(159)	-	(159)
Depreciation	(813)	(17)	(48)	(1,023)	(36)	(1,937)	(3)	(1,940)
Amortisation	(13)	-	-	-	-	(13)	-	(13)
Share of losses in joint ventures	-	-	(2)	-	-	(2)	-	(2)
Profit/(loss) before income tax	8,493	579	1,278	(1,451)	(32)	8,867	1,590	10,457
Income tax (expense)/credits	(1,165)	(56)	-	50	(128)	(1,299)	-	(1,299)
Profit/(loss) for the year	7,328	523	1,278	(1,401)	(160)	7,568	1,590	9,158

34. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

2014

Group assets and liabilities

	Supply \$'000	Agency & logistics \$'000	Charter \$'000	Property holding \$'000	Unallocated \$'000	Continuing operations \$'000	Engineering discontinued \$'000	Consolidated \$'000
Segment assets	60,672	1,755	15,186	33,174	-	110,787	16	110,803
Unallocated corporate assets	-	-	-	-	14,249	14,249	-	14,249
Total assets								<u>125,052</u>
Segment liabilities	24,530	644	8	2,830	-	28,012	62	28,074
Unallocated corporate liabilities	-	-	-	-	5,374	5,374	-	5,374
Total liabilities								<u>33,448</u>
Other segment information								
Capital expenditures	1,336	-	-	717	-	2,053	-	2,053
Material non-cash items								
Trade receivables written off	(31)	-	-	-	-	(31)	-	(31)
Allowance for doubtful trade receivables	(261)	(10)	-	-	-	(271)	-	(271)
Write back of allowance for doubtful trade receivables	3	-	-	-	-	3	-	3
Allowance for doubtful other receivables	-	-	-	-	(490)	(490)	-	(490)
Gain on disposal of property, plant and equipment	159	-	1,048	-	41	1,248	-	1,248
Allowance for impairment loss on freehold land, leasehold land and buildings	-	-	-	(1,633)	-	(1,633)	-	(1,633)
Allowance for slow-moving inventories	(200)	-	-	-	-	(200)	-	(200)
Waiver of trade debts	-	-	-	-	-	-	1,682	1,682
Share-based payments	369	-	-	-	-	369	-	369
Investment in joint ventures	-	-	-	-	24	24	-	24

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

34. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

2013

Group revenue

Total revenue from external customers	133,390	3,983	1,519	477	-	139,369	1,823	141,192
Inter-segment revenue	1,821	791	-	2,066	(4,678)	-	-	-
Total revenue	135,211	4,774	1,519	2,543	(4,678)	139,369	1,823	141,192

2013

Restated

Group profit/(loss)

Profit/(loss) before interest, income tax, depreciation and amortisation	8,438	783	1,527	1,537	(1,427)	10,858	(955)	9,903
Interest income	21	-	-	-	79	100	-	100
Interest expense	(72)	-	-	(415)	(79)	(566)	-	(566)
Depreciation	(690)	(20)	(288)	(1,042)	(39)	(2,079)	(14)	(2,093)
Amortisation	(24)	-	-	-	-	(24)	-	(24)
Share of profit in joint ventures	-	-	284	-	-	284	-	284
Profit/(loss) before income tax	7,673	763	1,523	80	(1,466)	8,573	(969)	7,604
Income tax (expense)/credits	(1,165)	(44)	-	136	(39)	(1,112)	-	(1,112)
Profit/(loss) for the year	6,508	719	1,523	216	(1,505)	7,461	(969)	6,492

34. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751</
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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

34. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Geographical Segments

Group	Revenue from external customers		Non-current assets ⁽¹⁾	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000 Restated
Singapore	119,617	107,443	22,968	27,188
Australia	34,671	31,926	17,283	19,913
Continuing operations	154,288	139,369	40,251	47,101
Singapore- discontinued operations	-	1,823	-	-
	154,288	141,192	40,251	47,101

⁽¹⁾ Excluded deferred tax assets

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

35.1 Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	2014 \$'000	2013 \$'000 Restated	2014 \$'000	2013 \$'000
Financial assets				
Trade and other receivables	40,737	39,178	51,646	56,457
Cash, bank balances and fixed deposits	24,804	24,007	13,389	11,172
Total loan and receivables	65,541	63,185	65,035	67,629
Held-to-maturity financial assets	250	-	250	-
Available-for-sale financial asset	36	36	-	-
Total financial assets	65,827	63,221	65,285	67,629
Financial liabilities				
Trade and other payables	25,848	25,800	27,375	30,999
Finance leases	60	-	-	-
Borrowings	3,251	8,670	3,251	3,355
Total financial liabilities at amortised cost	29,159	34,470	30,626	34,354

35.2 Financial risk management

General risk management principles

The main risks arising from the entity's financial instruments are foreign exchange risk, interest rate risk, liquidity risk and credit risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Foreign exchange risk management

The Group and the Company are exposed to change in foreign exchange rates arising from foreign currency transactions and balances and changes in fair values. The Group's and the Company's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance and position of the Group and the Company. The Group's and the Company's overall risk management are determined and carried out by the management. The Group and the Company do not hold or issue derivative financial instruments for speculative purposes.

The Group and the Company are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and Australian dollar. The Group and the Company monitor the movement in foreign currency exchange rates closely to minimise the exposure.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

35.2 Financial risk management (Continued)

General risk management principles (Continued)

(i) Foreign exchange risk management (Continued)

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

	Group				Company			
	Monetary liabilities		Monetary assets		Monetary liabilities		Monetary assets	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Restated		Restated					
Singapore dollar	20,872	21,157	44,610	47,021	26,335	30,936	47,331	57,100
United States dollar	648	4,195	11,659	8,169	1,040	3,418	6,601	3,535
Australian dollar	7,487	8,958	9,375	7,812	3,251	-	11,353	6,994
Hong Kong dollar	26	18	-	2	-	-	-	-
Euro	-	27	14	145	-	-	-	-
Renminbi	121	113	73	33	-	-	-	-
British pound	-	-	90	33	-	-	-	-
Others	5	2	6	6	-	-	-	-
	29,159	34,470	65,827	63,221	30,626	34,354	65,285	67,629

Foreign currency sensitivity analysis

The Group and the Company transact their businesses mainly in Singapore dollar, United States dollar and Australian dollar.

The following table details the Group's sensitivity to a 10% change in the relevant foreign currencies against the Singapore dollar. 10% is the sensitivity rate used when reporting foreign currency risk. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

	Group Profit/(loss)		Company Profit/(loss)	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
	Restated			
United States dollar				
Strengthened 10%	1,101	397	556	12
Weakened 10%	(1,101)	(397)	(556)	(12)
Australian dollar				
Strengthened 10%	189	(115)	810	699
Weakened 10%	(189)	115	(810)	(699)

The potential impact on the profit or loss of the Group and the Company as described in the sensitivity analysis above is attributable mainly to the Group's and the Company's foreign exchange rate exposure on receivables and payables at year end.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

35.2 Financial risk management (Continued)

General risk management principles (Continued)

(ii) Interest rate risk management

The Group's and the Company's policy is to try their best to maintain cash equivalents and borrowings in fixed rate instruments. However, the Group's and the Company's borrowings are mostly charged at variable rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

Borrowings at variable rates expose the Group and the Company to cash flow interest rate risk. Borrowings at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company monitor the movement in interest rates closely to ensure actions can be taken to minimise exposures as considered necessary.

Summary quantitative data of the Group's and the Company's interest-bearing financial instruments can be found in Notes 27.

Interest rate sensitivity

The table below shows the sensitivity analysis of interest rate risk showing the effect on profit or loss of reasonably possible changes in the relevant risk variable with all other variables held constant, of the Group's and the Company's profit (through the impact on interest expense on floating rate loans and borrowings).

	Increase (+)/ decrease (-) in basis points 2014	Effect on profit/(loss) 2014 \$'000	Increase (+)/ decrease (-) in basis points 2013	Effect on profit/(loss) 2013 \$'000
Group				
Borrowings				
Results	+100	(32)	+100	(85)
Results	-100	32	-100	85
Company				
Borrowings				
Results	+100	(32)	+100	(34)
Results	-100	32	-100	34

(iii) Liquidity risk management

The Group and the Company maintain sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available. The Group's and the Company's policy is to ensure continuity of funding and where necessary, a certain percentage of the borrowings should mature within 1 year. Short-term flexibility is achieved by working capital credit facilities.

Liquidity risk analysis

The following details the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earliest date of which the Group and the Company are expected to receive or pay. The table includes interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

35.2 Financial risk management (Continued)

General risk management principles (Continued)

(iii) Liquidity risk management (Continued)

Liquidity risk analysis (Continued)

	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	Total contractual cash flows \$'000	Total carrying amount \$'000
Group				
Financial liabilities				
Finance leases (fixed rate)	22	44	66	60
Variable interest rate instruments	551	2,837	3,388	3,251
Trade and other payables	25,848	-	25,848	25,848
At 31 December 2014	26,421	2,881	29,302	29,159
Variable interest rate instruments	8,768	-	8,768	8,504
Loan from non-controlling interest	166	-	166	166
Trade and other payables	25,800	-	25,800	25,800
At 31 December 2013 - as restated	34,734	-	34,734	34,470
Financial assets				
Cash and cash equivalents	24,804	-	24,804	24,804
Trade and other receivables [#]	39,777	-	39,777	39,777
Held-to-maturity financial assets	-	282	282	250
At 31 December 2014	64,581	282	64,863	64,831
Cash and cash equivalents	24,007	-	24,007	24,007
Trade and other receivables [#]	37,910	-	37,910	37,910
At 31 December 2013 - as restated	61,917	-	61,917	61,917
Company				
Financial liabilities				
Variable interest rate instruments	551	2,837	3,388	3,251
Trade and other payables	27,375	-	27,375	27,375
At 31 December 2014	27,926	2,837	30,763	30,626
Variable interest rate instruments	3,404	-	3,404	3,355
Trade and other payables	30,999	-	30,999	30,999
At 31 December 2013	34,403	-	34,403	34,354
Financial assets				
Cash and cash equivalents	13,389	-	13,389	13,389
Trade and other receivables [#]	51,491	-	51,491	51,491
Held-to-maturity financial assets	-	282	282	250
At 31 December 2014	64,880	282	65,162	65,130
Cash and cash equivalents	11,172	-	11,172	11,172
Trade and other receivables [#]	56,457	-	56,457	56,457
At 31 December 2013	67,629	-	67,629	67,629

[#] Trade and other receivables exclude prepayments and non-current receivables due from PRC licensees (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2014

35. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

35.2 Financial risk management (Continued)

General risk management principles (Continued)

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The management believes that the financial risks associated with these financial instruments are minimal.

The cash and cash equivalents and other liquid financial assets are placed with high credit rating institutions. The Group's and the Company's credit risk on trade and other receivable are low as most of the Group's and the Company's sales are settled within 30 to 90 days. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group's and Company's exposure and the credit ratings of its counterparties are continuously monitored.

Trade receivables consist of a large number of customers. The Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

36. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, short-term borrowings and finance lease approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of long-term receivables approximate their fair values. The fair values of non-current receivables due from joint ventures and PRC licensees cannot be determined as explained in Note 19. The fair values of long-term borrowings approximate their carrying amounts as they were subject to floating interest rates.

37. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group and the Company manage its capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder value.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain a gearing ratio of not exceeding 1.0 (2013: 1.0). The Group's and the Company's strategies, which remained unchanged from FY2013, are to meet the gearing ratios as defined by each bank.

The Group and the Company were in compliance with the external imposed capital requirements for the financial year ended 31 December 2014 and 2013.

The gearing ratio is calculated as total borrowings and total finance leases divided by total equity.

The Group's and the Company's management review the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Total borrowings	3,251	8,670	3,251	3,355
Total finance leases	60	-	-	-
Total equity	91,604	91,092	46,611	45,819
Gearing ratio	0.04	0.10	0.07	0.07

STATISTICS OF SHAREHOLDINGS

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 26 MARCH 2015

No. of Issued shares : 338,519,335 *
 Class of share : Ordinary shares
 Voting rights : One vote per share*

* Excluding non-voting 2,177,532 treasury share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	9	0.38	240	0.00
100 - 1,000	537	22.51	251,563	0.07
1,001 - 10,000	545	22.84	3,242,366	0.96
10,001 - 1,000,000	1,266	53.05	88,148,151	26.04
1,000,001 and above	29	1.22	246,877,015	72.93
TOTAL	2,386	100.00	338,519,335	100.00

Note:

The percentage is based on 338,519,335 shares (excluding 2,177,532 shares held as treasury shares) as at 26 March 2015.

TWENTY LARGEST SHAREHOLDERS AS AT 26 MARCH 2015

	Name of Shareholder	No. of Shares	% of Shares
1	EVENSTAR INVESTMENTS PTE LTD	140,147,928	41.40
2	RAFFLES NOMINEES (PTE) LTD	25,918,300	7.66
3	KIM SENG HOLDINGS PTE LTD	11,640,500	3.44
4	LEE YUEN SHIH	8,747,356	2.58
5	CITIBANK NOMINEES SINGAPORE PTE LTD	6,027,000	1.78
6	SIM YONG TENG	5,952,150	1.76
7	TAN LAY LING	3,973,500	1.17
8	UOB KAY HIAN PTE LTD	3,466,750	1.02
9	DBS NOMINEES PTE LTD	3,369,125	1.00
10	PHILLIP SECURITIES PTE LTD	3,116,450	0.92
11	CHIANG KOK MENG	3,080,000	0.91
12	OCBC SECURITIES PRIVATE LTD	3,074,188	0.91
13	HIMANSHU LALITRAI TIMBADIA	3,001,500	0.89
14	CHIA KEE KOON	2,625,000	0.78
15	MAYBANK KIM ENG SECURITIES PTE LTD	2,413,400	0.71
16	LIM BOON KEONG	2,000,000	0.59
17	HAI SIA SEAFOOD PTE LTD	1,973,000	0.58
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,852,250	0.55
19	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	1,840,150	0.54
20	TAY ENG KHIAM	1,782,000	0.53
	TOTAL:	236,000,547	69.72

Note:

The percentage is based on 338,519,335 shares (excluding 2,177,532 shares held as treasury shares) as at 26 March 2015.

STATISTICS OF SHAREHOLDINGS

TREASURY SHARES

Total number of ordinary shares held in Treasury:	2,177,532
Voting Rights:	None
Percentage of this shareholding against total number of issued shares excluding Treasury Shares:	0.64%

SUBSTANTIAL SHAREHOLDERS

(As recorded in the register of substantial shareholders)

Name of Substantial Shareholders	Direct Interest		Deemed Interests	
	Shares	No. of %	Shares	No. of %
Evenstar Investments Pte Ltd	140,147,928	41.40	-	-
Sim Yong Teng ⁽¹⁾	5,952,150	1.76	140,147,928	41.40
FMR LLC ⁽²⁾	-	-	23,000,000	6.79

Note:

⁽¹⁾ Pursuant to section 7(4) of the Companies Act Chapter 50 (the "Act"), Sim Yong Teng is deemed to be interested in the shares held by Evenstar Investments Pte Ltd.

⁽²⁾ FMR LLC is deemed to have an interest, by virtue of Section 7(4) of the Act, in shares acquired by the registered holders, FID Low Priced Stock Fund.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 26 March 2015, approximately 47.76% of the issued ordinary shares of the Company are held by the public

NOTICE OF ANNUAL GENERAL MEETING

SINWA LIMITED

(Registration No. 200206542H)
(Incorporated in Singapore)
(the “Company”)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sinwa Limited will be held at 28 Joo Koon Circle, Singapore 629057 on Thursday, 23 April 2015 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

- | | |
|---|--------------|
| 1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company and the Group for the financial year ended 31 December 2014 together with the Auditor’s Report thereon. | Resolution 1 |
| 2. To declare a final dividend of S\$0.005 per share (one-tier tax exempt) for the financial year ended 31 December 2014. | Resolution 2 |
| 3. To re-elect the following Directors of the Company retiring pursuant to Article 107 of the Articles of Association of the Company: | |
| (i) Mr Wee Boon Chye | Resolution 3 |
| (ii) Mr Sim Li-Meng Timothy (Shen Liming) | Resolution 4 |
| [See Explanatory Note (i)] | |
| 4. To approve the payment of Directors’ fees of S\$138,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. (2014: S\$138,000.00) | Resolution 5 |
| 5. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. | Resolution 6 |
| 6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting. | |

AS SPECIAL BUSINESS

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

- | | |
|---|--------------|
| 7. Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited | Resolution 7 |
|---|--------------|

That pursuant to Section 161 of the Companies Act, Cap. 50 (the “Companies Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorized and empowered to:

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

(the “**Share Issue Mandate**”)

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall 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 (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall 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 (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares.
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provision of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

8. Authority to issue shares under the Sinwa Share Option Scheme

Resolution 8

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Sinwa Share Options Scheme (the “Scheme”), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company, but subject to the aggregate number of shares available under all schemes including share awards/share plans (as defined in “**Resolution 9**”) must not exceed 15% of the total number of issued shares (excluding treasury shares), from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

9. Authority to issue shares under the Sinwa Share Plan

Resolution 9

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Sinwa Share Plan (the “**Share Plan**”), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme (as defined in “**Resolution 8**”) shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company, but subject to the aggregate number of shares available under all schemes including share awards/shares plans must not exceed 15% of the total number of issued shares (excluding treasury shares), from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

10. Renewal of Share Purchase Mandate

Resolution 10

That:

- (a) for the purposes of the Companies Act, the exercise by the Directors may exercise all the powers of the Company to purchase or otherwise acquire the Shares not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchases (“**Market Purchase**”), transacted on the SGX-ST through the SGX-ST’s Central Limit Order Book (CLOB) trading system or, as the case may be, any other stock exchange on which the Shares may for the time being listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases (“**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Rules.

(the “**Share Buyback Mandate**”)

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next annual general meeting of the Company (“**AGM**”) is held or required by law to be held;
 - (ii) the date on which the share buybacks are carried out to the full extent mandated; or
 - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

- (c) in this Resolution:

“**Prescribed Limit**” means 10% of the total number of ordinary shares in the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

NOTICE OF ANNUAL GENERAL MEETING

“Relevant Period” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase : 105% of the Average Closing Price;
- (ii) in the case of an Off-Market Purchase : 120% of the Highest Last Dealt Price, where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (v)]

By Order of the Board

Chew Kok Liang
Company Secretary
Singapore
Date: 8 April 2015

Explanatory Notes :

- (i) Mr Wee Boon Chye will, upon re-election as a Director of the Company, remain as a member of Audit Committee, Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Sim Li-Meng Timothy (Shen Liming) will, upon re-election as a Director of the Company, remain as Executive Director.

- (ii) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

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

- (iii) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time, but subject to the aggregate number of shares available under all schemes including share awards/share plans (as defined in "**Resolution 9**") must not exceed 15% of the total number of issued shares (excluding treasury shares), from time to time.
- (iv) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards under the Scheme (as defined in "**Resolution 8**") and the Share Plan up to a number not exceeding in total (for the entire duration of the Share Plan) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company, but subject to the aggregate number of shares available under all schemes including share awards/shares plans must not exceed 15% of the total number of issued shares (excluding treasury shares), from time to time.
- (v) The Ordinary Resolution 10 above, if passed, will empower the Directors of the Company from the date of the above Annual General Meeting until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Letter to Shareholders enclosed in this Notice. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2014 are set out in greater detail in Letter to Shareholders.

Notes :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the registered office of the Company at 28 Joo Koon Circle, Singapore 629057 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

PERSONAL DATA PRIVACY

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

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of Sinwa Limited (the "**Company**") will be closed on 13 May 2015 for the purpose of determining the entitlements of the Company's shareholders ("**Shareholders**") for the preparation of dividend warrants.

For the avoidance of doubt, in the case where the registered Shareholder is the Central Depository (Pte) Limited ("**CDP**") the dividend warrants shall be issued to the CDP and credited to the depositors' securities accounts with the CDP in proportion to the number of shares of the Company standing to the credit of each depositor's securities account with the CDP as at 5.00 pm (Singapore time) on 12 May 2015.

Duly completed transfers received by the Company's Registrars, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 12 May 2015 will be registered to determine entitlements to the said dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 23 April 2015, will be made on 27 May 2015.

By Order of the Board

Chew Kok Liang
Company Secretary
Singapore
Date: 8 April 2015

SINWA LIMITED

(Company Registration Number 200206542H)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

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

I/We, _____ (Name) _____ (NRIC/Passport No)

of _____ (Address)

being a member/members of Sinwa Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 28 Joo Koon Circle, Singapore 629057 on Thursday, 23 April 2015 at 10.30 a.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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2.	Payment of proposed final dividend for the financial year ended 31 December 2014		
3.	Re-election of Mr Wee Boon Chye as Director		
4.	Re-election of Mr Sim Li-Meng Timothy (Shen Liming) as Director		
5.	Approval of Directors' fees amounting to S\$138,000.00 for the financial year ending 31 December 2015, to be paid quarterly in arrears.		
6.	Re-appointment of Messrs BDO LLP as Auditors		
7.	Authority to issue new shares		
8.	Authority to issue shares under the Sinwa Share Option Scheme		
9.	Authority to issue shares under the Sinwa Share Plan		
10.	Renewal of Share Purchase Mandate		

Dated this _____ day of _____ 2015

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

*Delete where inapplicable

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

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 28 Joo Koon Circle, Singapore 629057 not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2015.



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