



**PROGEN**

PROGEN HOLDINGS LIMITED

# OUR NEW CHAPTER

ANNUAL REPORT 2015



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*This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this Annual Report.*

*This Annual Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Annual Report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Annual Report.*

*The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*



## CORPORATE PROFILE

Progen Holdings Limited (“**Progen**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is an investment holding company established under the Progen Group of Companies. The Company has close to two decades of experience in the design, supply, installation and maintenance of air-conditioning and mechanical ventilation systems. The Group comprises of subsidiaries in Singapore and Malaysia.

The Group was founded more than three decades ago when Mr Lee Ee @ Lee Eng started the first company in the Group, Progen Pte Ltd, to supply and install air-conditioning systems. Since then, the Group has grown from strength to strength to become one of the leading corporations in the industry. With the different subsidiaries, Progen is a one-stop service provider that provides a full spectrum of services from delivering proficient before-sales consultation to offering quality after-sales service and top maintenance service for our clients relating to a wide variety of cooling systems for industrial, commercial and residential developments in the public and private sectors.

Progen’s wealth of engineering experience, proficiency and skills as well as strong market positioning has made it one of the top players in the industry. Our team of engineers designs systems that meet the precise needs of customers, and together with our after-sales service consultants, assist clients in minimizing long-term maintenance costs and maximizing the working life of their systems.



In recent years, the Group has undertaken research and development activities to study the possibilities of increasing efficiencies of the cooling systems commonly used in the local market. Through its wholly owned subsidiary, Progen Pte Ltd, the Group has collaborated with Nanyang Technological University (NTU)

through its School of Mechanical & Aerospace Engineering to research in areas related to this aspect. Such collaborative research works concluded in FY2015 and the Group is currently in discussion with NTU on further collaborations to tap on the research results.

Priding ourselves on our professionalism and engineering expertise, Progen will certainly continue to be in a league of its own in the many years to come.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive*

Lee Ee @ Lee Eng (Managing Director)

#### *Non-Executive*

Tan Eng Liang (Independent Chairman)

Ch'ng Jit Koon (Independent)

Chee Wai Pong (Independent)

Francis Lau Choo Yew (Non-Independent)

Johnlin Yuwono (Non-Independent)

### AUDIT & RISK COMMITTEE

Tan Eng Liang (Chairman)

Ch'ng Jit Koon

Chee Wai Pong

Johnlin Yuwono

### NOMINATING COMMITTEE

Chee Wai Pong (Chairman)

Tan Eng Liang

Ch'ng Jit Koon

Lee Ee @ Lee Eng

### REMUNERATION COMMITTEE

Ch'ng Jit Koon (Chairman)

Tan Eng Liang

Chee Wai Pong

Johnlin Yuwono

### INVESTMENT REVIEW COMMITTEE

Tan Eng Liang (Chairman)

Ch'ng Jit Koon

Lee Ee @ Lee Eng

### COMPANY SECRETARY

Lynn Wan Tiew Leng

Ngiam May Ling

### REGISTERED OFFICE

12 Woodlands Loop

Progen Building

Singapore 738283

Tel: (65) 6752 7787

Fax: (65) 6752 7797

Email: [progen@progen.com.sg](mailto:progen@progen.com.sg)

### COMPANY REGISTRATION NO.

199605118C

### SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

### AUDITOR

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Audit Partner-in-charge: Low Yen Mei (Appointed from financial year 2013)

### SPONSORS

PrimePartners Corporate Finance Pte. Ltd.

16 Collyer Quay

#10-00 Income at Raffles

Singapore 049318

### BANKERS

United Overseas Bank Limited

80 Raffles Place

UOB Plaza 1

Singapore 048624

Malayan Banking Berhad

2 Battery Road

#02-01 Maybank Tower

Singapore 049907

DBS Bank Ltd

6 Shenton Way

DBS Building

Singapore 068809

## CHAIRMAN'S STATEMENT

The Group's research and development collaboration with Nanyang Technology University (NTU) has concluded in 2015 and the Group is in discussion with NTU on tapping the research results. The investment property at Riverside Road is expected to be ready for occupancy by May 2016.



For the financial year under review, the Group's revenue decreased by S\$11.0 million from S\$17.8 million (FY2014) to S\$6.8 million (FY2015) due to slower progress of several existing projects and the cessation of rental income following the expiry of sale and leaseback agreement in July 2014. Profit before income tax decreased by S\$3.1 million from S\$5.1 million (FY2014) to S\$2.0 million (FY2015).

The Group's earnings per share for FY2015 was 0.764 Singapore cents per share (FY2014: 1.800 Singapore cents per share) and the Group's net asset value improved to 13.944 Singapore cents per share as at 31 December 2015 from 13.213 Singapore cents per share as at 31 December 2014.

With the slowdown in the construction industry, the Group's operating conditions and environment for the next 12 months is expected to be challenging with fierce competition. The Group shall remain cautious with new projects and tighten its credit risk managements with the view of improving efficiency and profitability. We shall continue to tap on our established track records and networks, together with our acquired experiences and expertise to enhance shareholders' value.

The Group's research and development collaboration with Nanyang Technology University (NTU) has concluded in 2015 and the Group is in discussion with NTU on tapping the research results. The investment property at Riverside Road is expected to be ready for occupancy by May 2016.

I am pleased to announce that the Board has proposed a first and final cash dividend of 0.2 Singapore cents per share (tax exempt one tier) for FY2015.

I would like to express my gratitude to my fellow board of directors, the management and staff for their contributions and commitment over the years. I would also like to thank our shareholders, customers and business associates for their steadfast support.

Yours Sincerely  
**Dr Tan Eng Liang**  
Chairman

## BOARD OF **DIRECTORS**



### **1. DR TAN ENG LIANG, 78**

*Independent Director and Non-Executive Chairman*

Dr Tan was appointed to our Board of Directors on 24 October 1997 and was last re-appointed on 22 April 2015. Dr Tan was appointed as Non-Executive Chairman on 1 March 2014. He is also the Chairman of the Audit & Risk Committee and Investment Review Committee, and a member of the Nominating Committee and Remuneration Committee.

Dr Tan was a Member of Parliament from 1972 to 1980, the Senior Minister of State for National Development from 1975 to 1978, and Senior Minister of State for Finance from 1978 to 1979. He has a Doctorate from Oxford University, England, and has been awarded the Public Service Star, Public Service Star (BAR) and the Meritorious Service Medal.

Dr Tan currently sits on the boards of SunMoon Food Company Limited and Tung Lok Restaurant (2000) Ltd. He also serves as Vice President in the Singapore National Olympic Council. Dr Tan's past directorships in the last three years include Hartawan Holdings Limited, HG Metal Manufacturing Limited, Sapphire Corporation Limited, UE E&C Ltd and United Engineers Limited.

### **2. MR LEE EE @ LEE ENG, 65**

*Managing Director*

Mr Lee is the founder of the Group and was appointed to our Board of Directors on 13 July 1996 when the Company was incorporated. He is also a member of the Nominating Committee and Investment Review Committee.

Mr Lee has more than 40 years of experience in the air-conditioning, refrigeration and climate control industry. He started his career in Amcol Pte Ltd in 1970 and later served as Engineering Sales Manager in Sime Darby (S) Pte Ltd and as Dealer Development Manager in York International. Mr Lee spent 10 years in private companies before setting up his own business, Progen Pte Ltd in 1981.

### **3. MR CH'NG JIT KOON, 82**

*Independent Non-Executive Director*

Mr Ch'ng was appointed to our Board of Director on 24 October 1997 and was last re-appointed on 22 April 2015. He is the Chairman of the Remuneration Committee and a member of the Audit & Risk Committee, Nominating Committee and Investment Review Committee.

Mr Ch'ng was a Member of the Singapore Parliament from 1968 to 1996. At the time of his retirement in January 1997, he was the Senior Minister of State for Community Development.

Mr Ch'ng is currently the Non-Executive Chairman of Pan-United Corporation Ltd and sits on the boards of Ho Bee Land Limited and Santak Holdings Limited. He also serves in several community organisations. Mr Ch'ng's past directorships in the last three years include Tung Lok Restaurants (2000) Ltd.



## BOARD OF DIRECTORS



#### 4. MR CHEE WAI PONG, 68

*Independent Non-Executive Director*

Mr Chee was appointed to our Board of Directors on 16 January 2013 and was last re-elected on 22 April 2015. He is the Chairman of the Nominating Committee and a member of the Audit & Risk Committee and Remuneration Committee.

Mr Chee joined the Legal Service and was appointed a Deputy Public Prosecutor/State Counsel from 1971 to 1973. He was appointed a Magistrate and then District Judge and the State Coroner between 1973 and 1976.

Mr Chee then joined M/s Osborne Jones & Co as a Partner from August 1976 to December 1978 and was a Partner of M/s Ng Ong & Chee from January 1979 to December 2006. Mr Chee started his own practice under the name and style of Chee Wai Pong & Co on 1 January 2007. He has a Bachelor of Law Degree (LL.B. Hons) from the University of Singapore.

Mr Chee currently sits on the boards of SunMoon Food Company Limited and Tung Lok Restaurant (2000) Ltd. He is the honorary legal advisor to the Medical Alumni and Ling Kwang Home for Senior Citizens. He is also a member of the Management Committee of the Students Care Service and a member of the Yishun Centre Advisory Committee of the Students Care Service. Mr Chee also serves as a Disciplinary Panel Member of the Council for Estate Agency. His past directorships in the last three years include HG Metal Manufacturing Limited.

#### 5. MR FRANCIS LAU CHOO YEW, 56

*Non-Independent Non-Executive Director*

Mr Lau was appointed to our Board on 9 February 2015 and was last re-elected on 22 April 2015.

Mr Lau holds an Honours Degree in Bachelor of Building from the University of New South Wales, Australia and is also a Chartered Quantity Surveyor, Chartered Builder and Registered Quantity Surveyor with professional institutions of Australia, United Kingdom, Malaysia and Brunei Darussalam. He has received several awards in the region including Outstanding Entrepreneur for the Asia Pacific Entrepreneurship Award in Brunei and Overseas Enterprise Award for SME One Asia Awards in Singapore.

Mr Lau is currently the Managing Director of LCY Development Sdn. Bhd. and holds directorships in several private companies in Australia, Brunei, Malaysia and Singapore that specialises in property development and investment.

#### 6. MR JOHNLIN YUWONO, 67

*Non-Independent Non-Executive Director*

Mr Johnlin was appointed to our Board on 8 May 2002 and was last re-elected on 25 April 2014.

He is also a member of the Audit & Risk Committee and Remuneration Committee.

Mr Johnlin has been a Director of several companies across industries such as that of manufacturing, real estate, banking and other financial services. He also has business interests in many countries, including member countries of the ASEAN, the PRC, Hong Kong, Taiwan and the USA.

Mr Johnlin holds a Bachelor of Science degree in Aeronautical Engineering from the State University of California, USA.



CONTRIBUTING TO A  
CLEANER  
ENVIRONMENT



## MANAGEMENT PROFILE



**MR DONG FAGEN** is the Project Director. He joined the Group as the Import and Export Manager in 1995. Mr Dong holds a Diploma in Mechanical Engineering from Shanghai Jiaotong University, China, and is presently in charge of the project department of the Group.



**MS HAN JING** is the Marketing Director. She has been with the Group since 1998. Ms Han graduated with a Master's Degree in Mechanical Engineering from National University of Defense Technology, China in 1984 and is currently responsible for the marketing and business development for the Group.



**MS CINDY LEE PUI HOON** is the Admin and Corporate Affairs Director. She joined the Group as an Accountant in 1999. Ms Lee graduated from Nanyang Technological University with a Bachelor's Degree in Accountancy and is currently a member of the Institute of Singapore Chartered Accountants. She is currently in charge of the administrative matters and corporate affairs and oversees the finance department of the Group.



**MS LEE BEE BEE** is the General Manager. She joined the Group in 2015. Ms Lee holds a Diploma in Mechanical Engineering from Singapore Polytechnics and a Diploma in Sales and Marketing from Marketing Institute of Singapore. Prior to joining the Group, she has close to 30 years of experience in the ACMV industry. Ms Lee is presently involved in the aftersales maintenance of the Group.



**MR ANDY LEE YUNG LI** is the Senior Manager. He joined the Group in 2009 as Project Manager. Mr Lee graduated with a Bachelor in Electrical Engineering from University of Newcastle, Australia. He is presently responsible for product innovation and development and oversees a few projects in the Group.



**MR DESMOND LING** is the Service Manager. He has been with the Group since 1986 and has more than 20 years of hands-on experience in servicing ACMV systems for residential, industrial and commercial developments. Mr Ling is currently overseeing and managing the servicing arm of the Group.

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## CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of Progen Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company’s corporate governance practices that were in place during the financial year ended 2015 (“**FY2015**”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2015 (the “**Guide**”).

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation																
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code?</p> <p>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</p>	<p>The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.</p> <p>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</p> <p>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2015.</p>																
<b>BOARD MATTERS</b>																		
<b><u>The Board’s Conduct of Affairs</u></b>																		
1.1	What is the role of the Board?	<p>At the date of this report, the Board has 6 members and comprises the following:</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 1.1 – Composition of the Board</b></th> </tr> <tr> <th><b>Name of Director</b></th> <th><b>Designation</b></th> </tr> </thead> <tbody> <tr> <td>Dr Tan Eng Liang</td> <td>Non-Executive Independent Chairman</td> </tr> <tr> <td>Mr Lee Ee @ Lee Eng</td> <td>Managing Director</td> </tr> <tr> <td>Mr Ch’ng Jit Koon</td> <td>Independent Director</td> </tr> <tr> <td>Mr Chee Wai Pong</td> <td>Independent Director</td> </tr> <tr> <td>Mr Francis Lau Choo Yew</td> <td>Non-Executive Non-Independent Director</td> </tr> <tr> <td>Mr Johnlin Yuwono</td> <td>Non-Executive Non-Independent Director</td> </tr> </tbody> </table>	<b>Table 1.1 – Composition of the Board</b>		<b>Name of Director</b>	<b>Designation</b>	Dr Tan Eng Liang	Non-Executive Independent Chairman	Mr Lee Ee @ Lee Eng	Managing Director	Mr Ch’ng Jit Koon	Independent Director	Mr Chee Wai Pong	Independent Director	Mr Francis Lau Choo Yew	Non-Executive Non-Independent Director	Mr Johnlin Yuwono	Non-Executive Non-Independent Director
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## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																														
		<p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principal functions are, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• setting the business direction for the Company;</li> <li>• monitoring and reviewing the financial performance of the Company;</li> <li>• safeguarding the Company's assets;</li> <li>• overseeing internal control of the Company; and</li> <li>• setting and approving the Company's strategic plans, values and standards.</li> </ul>																														
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain responsibilities to the Audit and Risk Committee (the "<b>ARC</b>"), the Remuneration Committee (the "<b>RC</b>"), the Nominating Committee (the "<b>NC</b>") and the Investment Review Committee (the "<b>IRC</b>") (collectively, the "<b>Board Committees</b>"). The compositions of the Board Committees are as follows:</p> <table border="1"> <thead> <tr> <th colspan="5"><b>Table 1.3 – Composition of the Board Committees</b></th> </tr> <tr> <th></th> <th><b>ARC</b></th> <th><b>NC</b></th> <th><b>RC</b></th> <th><b>IRC</b></th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Dr Tan Eng Liang</td> <td>Mr Chee Wai Pong</td> <td>Mr Ch'ng Jit Koon</td> <td>Dr Tan Eng Liang</td> </tr> <tr> <td>Member</td> <td>Mr Ch'ng Jit Koon</td> <td>Dr Tan Eng Liang</td> <td>Dr Tan Eng Liang</td> <td>Mr Ch'ng Jit Koon</td> </tr> <tr> <td>Member</td> <td>Mr Chee Wai Pong</td> <td>Mr Ch'ng Jit Koon</td> <td>Mr Chee Wai Pong</td> <td>Mr Lee Ee @ Lee Eng</td> </tr> <tr> <td>Member</td> <td>Mr Johnlin Yuwono</td> <td>Mr Lee Ee @ Lee Eng</td> <td>Mr Johnlin Yuwono</td> <td></td> </tr> </tbody> </table> <p><b>Investment Review Committee</b></p> <p>The duties of the IRC include the following:–</p> <ol style="list-style-type: none"> <li>1. to review all investment opportunities that may be identified for the purpose of short-listing investments that fit into the overall expansion plan of the Group;</li> <li>2. to evaluate short-listed investments and table them for the approval of the Board; and</li> <li>3. to prepare executive summaries on the investments for the Board.</li> </ol> <p>The IRC shall be provided with adequate resources to carry out their duties.</p>	<b>Table 1.3 – Composition of the Board Committees</b>						<b>ARC</b>	<b>NC</b>	<b>RC</b>	<b>IRC</b>	Chairman	Dr Tan Eng Liang	Mr Chee Wai Pong	Mr Ch'ng Jit Koon	Dr Tan Eng Liang	Member	Mr Ch'ng Jit Koon	Dr Tan Eng Liang	Dr Tan Eng Liang	Mr Ch'ng Jit Koon	Member	Mr Chee Wai Pong	Mr Ch'ng Jit Koon	Mr Chee Wai Pong	Mr Lee Ee @ Lee Eng	Member	Mr Johnlin Yuwono	Mr Lee Ee @ Lee Eng	Mr Johnlin Yuwono	
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## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																		
1.4	Have the Board and Board Committees met in the last financial year?	<p>The Board meets on a regular basis, and as and when circumstances require. In FY2015, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below.</p> <table border="1"> <caption><b>Table 1.4 – Board and Board Committee Meetings in FY2015</b></caption> <thead> <tr> <th></th> <th>Board</th> <th>ARC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Number of Meetings Held</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> <tr> <th>Name of Director</th> <th colspan="4">Number of Meetings Attended</th> </tr> <tr> <td>Dr Tan Eng Liang</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> <tr> <td>Mr Lee Ee @ Lee Eng</td> <td>4</td> <td>N.A.</td> <td>1</td> <td>N.A.</td> </tr> <tr> <td>Mr Ch'ng Jit Koon</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> <tr> <td>Mr Chee Wai Pong</td> <td>4</td> <td>4</td> <td>1</td> <td>2</td> </tr> <tr> <td>Mr Johnlin Yuwono</td> <td>4</td> <td>4</td> <td>N.A.</td> <td>2</td> </tr> <tr> <td>Dr Mohd Amin Liew Abdullah<sup>1</sup></td> <td>–</td> <td>N.A.</td> <td>N.A.</td> <td>N.A.</td> </tr> <tr> <td>Mr Francis Lau Choo Yew<sup>2</sup></td> <td>4</td> <td>N.A.</td> <td>N.A.</td> <td>N.A.</td> </tr> </tbody> </table> <p>N.A. denotes not applicable.</p> <p>Notes:</p> <p>1 Dr Mohd Amin Liew Abdullah resigned as a Director of the Company with effect from 9 February 2015.</p> <p>2 Mr Francis Lau Choo Yew was appointed as a Non-Independent Non-Executive Director of the Company with effect from 9 February 2015.</p> <p>The IRC did not hold any meetings during FY2015.</p>		Board	ARC	NC	RC	Number of Meetings Held	4	4	1	2	Name of Director	Number of Meetings Attended				Dr Tan Eng Liang	4	4	1	2	Mr Lee Ee @ Lee Eng	4	N.A.	1	N.A.	Mr Ch'ng Jit Koon	4	4	1	2	Mr Chee Wai Pong	4	4	1	2	Mr Johnlin Yuwono	4	4	N.A.	2	Dr Mohd Amin Liew Abdullah <sup>1</sup>	–	N.A.	N.A.	N.A.	Mr Francis Lau Choo Yew <sup>2</sup>	4	N.A.	N.A.	N.A.
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1.5	What are the types of material transactions which require approval from the Board?	<p>Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• approval of release of financial results to the SGX-ST;</li> <li>• approval of annual results and accounts;</li> <li>• declaration of interim and proposal of final dividends;</li> <li>• approval of corporate strategy;</li> <li>• convening of shareholders' meetings; and</li> <li>• authorisation of major transactions.</li> </ul>																																																		
1.6	(a) Are new Directors given formal training? If not, please explain why.	<p>All newly appointed directors will be given briefings by Management on the history and business operations and corporate governance practices of the Company. The Company will, from time to time, organise briefing sessions for the directors to enable them to keep pace with regulatory changes which have a material bearing on the Company and these sessions will be funded by the Company. All newly appointed directors will be provided with formal letters setting out their duties and obligations.</p> <p>First-time directors of listed companies in Singapore will be encouraged to attend relevant training seminars and courses organised by bodies such as the Accounting and Corporate Regulatory Authority of Singapore, SGX-ST and the Singapore Institute of Directors to familiarise themselves on compliance, regulatory and corporate governance matters.</p>																																																		

## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	During FY2015, the external auditor ("EA") had briefed the ARC on changes or amendments to accounting standards. The Company Secretary provides updates on changes to applicable laws and regulations as and when appropriate.
<b>Board Composition and Guidance</b>		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guideline 2.1 of the Code is met as the Independent Directors make up half of the Board.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.  (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	Notwithstanding that Dr Tan Eng Liang and Mr Ch'ng Jit Koon have served beyond nine years since the date of their first appointments to the Board, the Board is of the view that Dr Tan Eng Liang and Mr Ch'ng Jit Koon are independent as each of them has: <ul style="list-style-type: none"> <li>• contributed constructively throughout his term in the Company;</li> <li>• sought clarification and amplification as he deemed necessary, including through direct access to key management personnel; and</li> <li>• provided impartial advice and insights, and has exercised his independent judgement in doing so.</li> </ul>
2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.



## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																											
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 2.6 – Balance and Diversity of the Board</b></th> </tr> <tr> <th></th> <th><b>Number of Directors</b></th> <th><b>Proportion of Board</b></th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Core Competencies</b></td> </tr> <tr> <td>– Accounting or finance</td> <td>5</td> <td>83%</td> </tr> <tr> <td>– Business management</td> <td>6</td> <td>100%</td> </tr> <tr> <td>– Legal or corporate governance</td> <td>2</td> <td>33%</td> </tr> <tr> <td>– Relevant industry knowledge or experience</td> <td>1</td> <td>17%</td> </tr> <tr> <td>– Strategic planning experience</td> <td>6</td> <td>100%</td> </tr> <tr> <td>– Customer based experience or knowledge</td> <td>6</td> <td>100%</td> </tr> </tbody> </table>	<b>Table 2.6 – Balance and Diversity of the Board</b>				<b>Number of Directors</b>	<b>Proportion of Board</b>	<b>Core Competencies</b>			– Accounting or finance	5	83%	– Business management	6	100%	– Legal or corporate governance	2	33%	– Relevant industry knowledge or experience	1	17%	– Strategic planning experience	6	100%	– Customer based experience or knowledge	6	100%
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	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and</li> <li>• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>																											
2.8	Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?	The Non-Executive Directors have met at least once in the absence of key management personnel in FY2015.																											
<b>Chairman and Chief Executive Officer</b>																													
3.1	Are the duties between Chairman and CEO segregated?	<p>The roles of the Chairman and the Managing Director are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman is not related to the Managing Director.</p> <p>Dr Tan Eng Liang, the Non-Executive Independent Chairman, leads the Board and facilitates its effectiveness on all aspects of its role. Dr Tan schedules and sets the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness, and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages and builds constructive relations between the Board and Management, and facilitates the effective contribution of the non-executive directors. He also takes a leading role in ensuring the Company's compliance with corporate governance guidelines.</p> <p>Mr Lee Ee @ Lee Eng, the Managing Director, is responsible for the execution of the Company's strategies and policies made by the Board, and the management of the Company's daily operations.</p>																											
3.4	Have the Independent Directors met in the absence of key management personnel?	The Independent Directors have met at least once in the absence of key management personnel in FY2015.																											

## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Board Membership</b>		
4.1	What are the duties of the NC?	<p>The NC is guided by key terms of reference as follows:</p> <ol style="list-style-type: none"> <li>1. to review, assess, make recommendations to the Board on the appointment of directors, including making recommendations on the composition of the Board and provide all newly appointed directors a formal letter setting out his/her duties and obligations;</li> <li>2. to regularly review the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the directors as a group; and make recommendations to the Board with regards to any adjustments that may be deemed necessary;</li> <li>3. to review, assess and recommend nominees or candidates for appointment or re-election to the Board, and to consider his/her competencies, commitment, contribution, performance and whether he/she is independent;</li> <li>4. to make plans for succession, in particular for the Chairman of the Board and Managing Director;</li> <li>5. to prepare and recommend, for approval of the Board, written guidelines on the division of responsibilities of the Chairman of the Board and the Managing Director;</li> <li>6. to determine, on an annual basis whether a director is independent;</li> <li>7. to recommend directors who are retiring by rotation to be put forward for re-election;</li> <li>8. to decide whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he has multiple board representations and/or other principal commitments;</li> <li>9. to recommend to the Board internal guidelines to address the competing time commitments faced by directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold;</li> <li>10. to assess the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual director to the effectiveness of the Board; and</li> <li>11. to review the training and development programs for the Board.</li> </ol>
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	Although several directors hold directorships in other listed companies, the NC is of the view that such multiple board representations do not hinder them from carrying out their duties as directors of the Company. These directors, through their directorships in other listed companies would also widen the experience of the Board and give it a broader perspective. The NC does not think that it is necessary to set the maximum number of listed board representations that any Director may hold as all the Directors are able to devote sufficient time and attention to the Company's affairs in light of their commitments.



## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
	(c) What are the specific considerations in deciding on the capacity of directors?	The considerations in assessing the capacity of Directors include the following: <ul style="list-style-type: none"> <li>• Expected and/or competing time commitments of Directors;</li> <li>• Geographical location of Directors;</li> <li>• Size and composition of the Board; and</li> <li>• Nature and scope of the Group's operations and size.</li> </ul>																								
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2015.																								
4.5	Are there alternate Directors?	The Company does not have any alternate director.																								
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<table border="1"> <thead> <tr> <th colspan="3"><b>Table 4.6(a) – Process for the Selection and Appointment of New Directors</b></th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Determination of selection criteria</td> <td> <ul style="list-style-type: none"> <li>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul> </td> </tr> <tr> <td>2.</td> <td>Search for suitable candidates</td> <td> <ul style="list-style-type: none"> <li>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul> </td> </tr> <tr> <td>3.</td> <td>Assessment of shortlisted candidates</td> <td> <ul style="list-style-type: none"> <li>• The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role.</li> </ul> </td> </tr> <tr> <td>4.</td> <td>Appointment of director</td> <td> <ul style="list-style-type: none"> <li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul> </td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3"><b>Table 4.6(b) – Process for the Re-electing Incumbent Directors</b></th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Assessment of director</td> <td> <ul style="list-style-type: none"> <li>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>• The NC would also consider the current needs of the Board.</li> </ul> </td> </tr> <tr> <td>2.</td> <td>Re-appointment of director</td> <td> <ul style="list-style-type: none"> <li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</li> </ul> </td> </tr> </tbody> </table>	<b>Table 4.6(a) – Process for the Selection and Appointment of New Directors</b>			1.	Determination of selection criteria	<ul style="list-style-type: none"> <li>• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.</li> </ul>	2.	Search for suitable candidates	<ul style="list-style-type: none"> <li>• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</li> </ul>	3.	Assessment of shortlisted candidates	<ul style="list-style-type: none"> <li>• The NC would deliberate on the competencies of each shortlisted candidate against the needs of the Board to select a candidate for the directorship role.</li> </ul>	4.	Appointment of director	<ul style="list-style-type: none"> <li>• The NC would recommend the selected candidate to the Board for consideration and approval.</li> </ul>	<b>Table 4.6(b) – Process for the Re-electing Incumbent Directors</b>			1.	Assessment of director	<ul style="list-style-type: none"> <li>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and</li> <li>• The NC would also consider the current needs of the Board.</li> </ul>	2.	Re-appointment of director	<ul style="list-style-type: none"> <li>• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</li> </ul>
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## CORPORATE GOVERNANCE

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		<p>Article 109 of the Company's Constitution requires one-third of directors (other than the Managing Director) to retire from office and submit themselves for re-nomination and re-election at the Annual General Meeting ("<b>AGM</b>"), at least once every three years. In addition, Article 119 provides that a director newly appointed by the Board must submit himself for re-election at the AGM following his appointment.</p> <p>Mr Ch'ng Jit Koon ("<b>Mr Ch'ng</b>") and Dr Tan Eng Liang ("<b>Dr Tan</b>") who are over the age of 70 were each re-appointed as Director of the Company in accordance with the then Section 153(6) of the Companies Act, Chapter 50 of Singapore ("<b>Act</b>"), to hold office from the date of the 2015 AGM, being 22 April 2015 until the date of the forthcoming AGM. As their appointments will lapse at the forthcoming AGM, Mr Ch'ng and Dr Tan will be seeking re-appointment to continue office. Section 153(6) of the Companies Act was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. Upon their re-appointments at the conclusion of the forthcoming AGM, Mr Ch'ng and Dr Tan will then be subject to retirement by rotation under the Company's Constitution.</p> <p>The NC is of the view that each individual director has contributed to the effectiveness of the Board as a whole and has recommended the re-election of Mr Johnlin Yuwono ("<b>Mr Johnlin</b>") pursuant to Article 109, and the re-appointments of Mr Ch'ng and Dr Tan as aforementioned.</p> <p>Mr Johnlin, Mr Ch'ng and Dr Tan do not have any relationships including immediate family relationships between themselves and the Directors, the Company and its 10% shareholders. The detailed information of these directors can be found on pages 4 and 5.</p> <p>Mr Johnlin will, upon re-election as a Director of the Company, remain as a member of the ARC and RC. Mr Ch'ng will, upon re-appointment as a Director of the Company, remain as the Chairman of the RC and a member of the ARC, NC and IRC. Dr Tan will, upon re-appointment as a Director of the Company, remain as the Chairman of the ARC and IRC and a member of the RC and NC.</p> <p>Mr Ch'ng and Dr Tan will be considered independent for the purposes of Rule 704(7) of the Catalist Rules Listing Manual: Section B of the SGX-ST ("<b>Catalist Rules</b>").</p> <p>Mr Johnlin, Mr Ch'ng and Dr Tan had abstained from participating in the discussion and recommendation on their respective nominations.</p>
4.7	Please provide Directors' key information.	The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on pages 4 and 5 of this annual report.

## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation								
<b>Board Performance</b>										
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board:</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Table 5 – Performance Evaluation Criteria</b></th> </tr> <tr> <th><b>Board/Individual Directors</b></th> <th><b>Performance Criteria</b></th> </tr> </thead> <tbody> <tr> <td><b>Board and Board Committees</b></td> <td> <ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Strategic planning</li> <li>5. Board accountability</li> <li>6. Risk management</li> <li>7. Succession planning</li> </ol> </td> </tr> <tr> <td><b>Individual Directors</b></td> <td> <ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Knowledge and abilities</li> <li>3. Teamwork</li> <li>4. Independence (if applicable)</li> <li>5. Overall effectiveness</li> <li>6. Attendance at Board and Board Committee meetings</li> </ol> </td> </tr> </tbody> </table>	<b>Table 5 – Performance Evaluation Criteria</b>		<b>Board/Individual Directors</b>	<b>Performance Criteria</b>	<b>Board and Board Committees</b>	<ol style="list-style-type: none"> <li>1. Size and composition</li> <li>2. Access to information</li> <li>3. Board processes</li> <li>4. Strategic planning</li> <li>5. Board accountability</li> <li>6. Risk management</li> <li>7. Succession planning</li> </ol>	<b>Individual Directors</b>	<ol style="list-style-type: none"> <li>1. Commitment of time</li> <li>2. Knowledge and abilities</li> <li>3. Teamwork</li> <li>4. Independence (if applicable)</li> <li>5. Overall effectiveness</li> <li>6. Attendance at Board and Board Committee meetings</li> </ol>
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	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The review of the performance of the Board and the Board Committees is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.</p> <p>For FY2015, the review process was as follows:</p> <ol style="list-style-type: none"> <li>1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, the Board Committees, and the individual Directors based on criteria disclosed in Table 5 above;</li> <li>2. The Company collated and submitted the questionnaire results to the NC Chairman in the form of a report; and</li> <li>3. The NC discussed the report and concluded the performance results during the NC meeting.</li> </ol> <p>All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance. No external facilitator was used in the evaluation process.</p>								
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.								



## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
<b>Access to Information</b>																				
6.1 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p><b>Table 6 – Types of information provided by key management personnel to Independent Directors</b></p> <table border="1"> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>Prior to Board Meetings (held at least half-yearly)</td> </tr> <tr> <td>2.</td> <td>Updates to the Group's operations and the markets in which the Group operates in</td> <td>As and when necessary</td> </tr> <tr> <td>3.</td> <td>Budgets and/or forecasts (with variance analysis), management accounts</td> <td>Monthly</td> </tr> <tr> <td>4.</td> <td>Reports on on-going or planned corporate actions</td> <td>As and when necessary</td> </tr> <tr> <td>5.</td> <td>Enterprise risk framework and internal auditors' ("IA") report(s)</td> <td>Half yearly</td> </tr> </tbody> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>		Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Prior to Board Meetings (held at least half-yearly)	2.	Updates to the Group's operations and the markets in which the Group operates in	As and when necessary	3.	Budgets and/or forecasts (with variance analysis), management accounts	Monthly	4.	Reports on on-going or planned corporate actions	As and when necessary	5.	Enterprise risk framework and internal auditors' ("IA") report(s)	Half yearly
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6.3	What is the role of the Company Secretary?	The Board has separate and independent access to the senior management and the Company Secretary at all times. The Company Secretary or her representative attends Board and Board Committee meetings and is responsible to ensure that board procedures are followed and applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter that has to be decided for the Board as a whole. The Board also has access to independent professional advice where appropriate.																		
<b>REMUNERATION MATTERS</b>																				
<b>Developing Remuneration Policies</b>																				
7.1	What is the role of the RC?	<p>The RC is guided by key terms of reference as follows:</p> <ol style="list-style-type: none"> <li>to review and recommend to the Board, in consultation with the Chairman of the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the directors and key management personnel of the Group;</li> <li>to recommend to the Board, share-based incentives or awards or any long term incentive schemes which may be set up from time to time, reviewing whether directors and key management personnel should be eligible for such schemes, evaluating the cost and benefits of such schemes and to do all acts necessary in connection therewith;</li> <li>to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time; and</li> <li>to ensure all aspects of remuneration are covered.</li> </ol>																		
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2015.																		

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<b>Disclosure on Remuneration</b>																																																									
9	What is the Company's remuneration policy?	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.																																																							
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors for FY2015 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="5"><b>Table 9 - Directors' Remuneration</b></th> </tr> <tr> <th>Name</th> <th>Directors Fees (%)</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>S\$1,000,000 - S\$1,250,000</b></td> </tr> <tr> <td>Mr Lee Ee @ Lee Eng</td> <td>-</td> <td>93</td> <td>7</td> <td>100</td> </tr> <tr> <td colspan="5"><b>Below S\$250,000</b></td> </tr> <tr> <td>Dr Tan Eng Liang</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mr Ch'ng Jit Koon</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mr Chee Wai Pong</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Mr Johnlin Yuwono</td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> <tr> <td>Dr Mohd Amin Liew Abdullah<sup>1</sup></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr Francis Lau Choo Yew<sup>2</sup></td> <td>100</td> <td>-</td> <td>-</td> <td>100</td> </tr> </tbody> </table> <p>Notes:</p> <p>1 Dr Mohd Amin Liew Abdullah resigned as a Director of the Company with effect from 9 February 2015.</p> <p>2 Mr Francis Lau Choo Yew was appointed as a Non-Independent Non-Executive Director of the Company with effect from 9 February 2015.</p> <p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.</p> <p>There are no termination, retirement, post-employment benefits granted to the Directors, the Managing Director and the top 5 key management personnel.</p> <p>The Company does not have any employee share option scheme or other long-term employee incentive scheme.</p>	<b>Table 9 - Directors' Remuneration</b>					Name	Directors Fees (%)	Salary (%)	Bonus (%)	Total (%)	<b>S\$1,000,000 - S\$1,250,000</b>					Mr Lee Ee @ Lee Eng	-	93	7	100	<b>Below S\$250,000</b>					Dr Tan Eng Liang	100	-	-	100	Mr Ch'ng Jit Koon	100	-	-	100	Mr Chee Wai Pong	100	-	-	100	Mr Johnlin Yuwono	100	-	-	100	Dr Mohd Amin Liew Abdullah <sup>1</sup>	-	-	-	-	Mr Francis Lau Choo Yew <sup>2</sup>	100	-	-	100
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Mr Francis Lau Choo Yew <sup>2</sup>	100	-	-	100																																																					
9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Company's top 5 key management personnel (who are not Directors or the Managing Director) for FY2015 is as follows:</p> <table border="1"> <thead> <tr> <th colspan="1"><b>Table 9.3 - Remuneration of Key Management Personnel</b></th> </tr> </thead> <tbody> <tr> <td><b>Below \$250,000</b></td> </tr> <tr> <td>Han Jing</td> </tr> <tr> <td>Dong Fagen</td> </tr> <tr> <td>Cindy Lee</td> </tr> <tr> <td>Andy Lee</td> </tr> <tr> <td>Desmond Ling</td> </tr> </tbody> </table>	<b>Table 9.3 - Remuneration of Key Management Personnel</b>	<b>Below \$250,000</b>	Han Jing	Dong Fagen	Cindy Lee	Andy Lee	Desmond Ling																																																
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## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation								
		<p>The Company has not disclosed the breakdown of the remuneration paid to its key management personnel as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information.</p> <p>Currently, the Company does not have any employee share option scheme or other long-term employee incentive scheme.</p>								
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The total remuneration paid to the top 5 key management personnel for FY2015 was S\$714,000.								
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	<p>The remuneration of employees who are immediate family members of a director for FY2015 is as follows:-</p> <table border="1"> <thead> <tr> <th>Remuneration band</th> <th>Relationship</th> </tr> </thead> <tbody> <tr> <td><b>\$100,000 to \$150,000</b></td> <td></td> </tr> <tr> <td>Cindy Lee</td> <td>Daughter of Managing Director, Mr Lee Ee @ Lee Eng</td> </tr> <tr> <td>Andy Lee</td> <td>Son of Managing Director, Mr Lee Ee @ Lee Eng</td> </tr> </tbody> </table>	Remuneration band	Relationship	<b>\$100,000 to \$150,000</b>		Cindy Lee	Daughter of Managing Director, Mr Lee Ee @ Lee Eng	Andy Lee	Son of Managing Director, Mr Lee Ee @ Lee Eng
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<b>\$100,000 to \$150,000</b>										
Cindy Lee	Daughter of Managing Director, Mr Lee Ee @ Lee Eng									
Andy Lee	Son of Managing Director, Mr Lee Ee @ Lee Eng									
9.5	Please provide details of the employee share scheme(s).	The Company does not have an employee share scheme.								
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Director(s) and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.								
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions for short-term incentives such as performance bonus were chosen for the Group to remain competitive and to motivate the Executive Director(s) and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1"> <thead> <tr> <th><b>Table 9.6(b) – Performance Conditions for Short-term Incentives (such as performance bonus)</b></th> </tr> </thead> <tbody> <tr> <td> <ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Teamwork</li> <li>Current market and industry practices</li> <li>Macro-economic factors</li> </ol> </td> </tr> </tbody> </table>	<b>Table 9.6(b) – Performance Conditions for Short-term Incentives (such as performance bonus)</b>	<ol style="list-style-type: none"> <li>Leadership</li> <li>People development</li> <li>Commitment</li> <li>Teamwork</li> <li>Current market and industry practices</li> <li>Macro-economic factors</li> </ol>						
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	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2015.								



## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Risk Management and Internal Controls</b>		
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2015.</p> <p>The bases for the Board's view are as follows:</p> <ol style="list-style-type: none"> <li>1. Assurance has been received from the Managing Director and Finance Manager (refer to Section 11.3(b) below);</li> <li>2. Internal audits have been performed by the IA and significant matters highlighted to the ARC and key management personnel were appropriately addressed;</li> <li>3. Key management personnel regularly evaluates, monitors and reports to the ARC on material risks;</li> <li>4. Discussions were held between the ARC and the EA in the absence of the key management personnel to review and address any potential concerns;</li> <li>5. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels; and</li> <li>6. ARC has spoken with the IA and noted that there were no exceptional matters to be reported.</li> </ol> <p>The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.</p>
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>Yes, the Board has obtained such assurance from the Managing Director and Finance Manager in respect of FY2015.</p> <p>The Board has additionally relied on IA's internal audit reports issued to the Company for FY2015 as assurances that the Company's risk management and internal control systems are effective.</p>

## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Audit Committee</b>		
12.1 12.4	What is the role of the AC?	<p>The ARC is guided by the following key terms of reference:</p> <ol style="list-style-type: none"> <li>1. to review with the external auditor their audit plan, their evaluation of the system of internal accounting control, their audit report and their management letter and the Management's response;</li> <li>2. to ensure co-ordination where more than one audit firm is involved;</li> <li>3. to review the half-yearly and annual financial statements before submission to the Board for approval;</li> <li>4. to review any formal announcement relating to the Company's financial performance;</li> <li>5. to discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditor and internal auditors where necessary;</li> <li>6. to meet with the external auditor and with the internal auditors without the presence of Management, at least annually, to discuss any problems and concerns they may have;</li> <li>7. to review the assistance given by Management to the external auditor;</li> <li>8. to review annually the scope and results of the external audit and its cost effectiveness as well as the independence and objectivity of the external auditor. Where the auditor also provide non-audit services to the Company, to review the nature and extent of such services, in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditor would not be affected;</li> <li>9. to review the internal audit programme and the adequacy and effectiveness of the Company's internal audit function, as well as to ensure coordination between the internal and external auditors and the Management;</li> <li>10. to review the adequacy and effectiveness of the Company's internal control system, including financial, operational, compliance and information technology controls and to report to the Board annually;</li> <li>11. to review the scope and results of the internal audit procedures including the effectiveness of the internal audit function and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;</li> <li>12. to review and discuss with the external auditor, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response;</li> <li>13. to investigate any matter within its Terms of Reference, with full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;</li> </ol>

## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<ol style="list-style-type: none"> <li data-bbox="687 472 1441 645">14. to review arrangements by which staff of the Company, may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken;</li> <li data-bbox="687 651 1441 712">15. to report to the Board its findings from time to time on matters arising and requiring the attention of the Board;</li> <li data-bbox="687 719 1441 779">16. to review interested person transactions falling within the scope of the Catalist Rules;</li> <li data-bbox="687 786 1441 869">17. to recommend to the Board the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;</li> <li data-bbox="687 875 1441 936">18. to review the audit representation letters before consideration by the Board;</li> <li data-bbox="687 943 1441 1025">19. to review and advise the Board in formulating its risk policies including the parameters for risk assessments and methodology to be adopted;</li> <li data-bbox="687 1032 1441 1093">20. to oversee the Management in the design and implementation and monitoring of the risk management system;</li> <li data-bbox="687 1099 1441 1128">21. to determine the Company's level of risk tolerance;</li> <li data-bbox="687 1135 1441 1240">22. to develop and guide the Board in establishing a process of effectively identifying and managing the implications of risks tolerance in internal controls and strategic transactions to be undertaken by the Company;</li> <li data-bbox="687 1247 1441 1308">23. to oversee and advise the Board on the current risk exposures, overall risk tolerance, and overall risk strategy of the Company;</li> <li data-bbox="687 1314 1441 1397">24. to annually review the adequacy and effectiveness of the Company's risk management system, including the overall risk assessment processes;</li> <li data-bbox="687 1404 1441 1509">25. to review periodically the risk limits established by the Company and where applicable, report on any material breach of such limits and the adequacy of proposed action(s) to be taken, and if necessary, make recommendations on further action to be taken;</li> <li data-bbox="687 1516 1441 1621">26. to recommend to the Board the statements to be included in the Company's annual report concerning the adequacy and effectiveness of the Company's internal control and risk management systems;</li> <li data-bbox="687 1628 1441 1688">27. to monitor the independence of the risk management function throughout the organization;</li> <li data-bbox="687 1695 1441 1778">28. to review and monitor Management's responsiveness to external and internal auditors' findings and proposed mitigating efforts undertaken by Management;</li> <li data-bbox="687 1785 1441 1845">29. to undertake such other reviews and projects as may be requested by the Board; and</li> <li data-bbox="687 1852 1441 1942">30. to undertake such other functions and duties as may be required by statute, the Code of Corporate Governance or the Catalist Rules.</li> </ol>

## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the ARC has met with the IA and the EA at least once in the absence of key management personnel in FY2015.
12.6	Has the AC reviewed the independence of the EA?	The ARC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	Please refer to Note 21 of the Notes to the Financial Statements on page 58 of this Annual Report.
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The non-audit services rendered during FY2015 were not substantial.
12.7	Does the Company have a whistle-blowing policy?	<p>Yes. The Company has put in place a whistle-blowing framework, endorsed by the ARC, which provides the mechanism where employees of the Company may, in good faith and in confidence, raise concerns or observations about possible improprieties in financial reporting or other matters directly to members of the ARC. Copies of the whistle blowing policy and procedures, including the contact details of the members of the ARC, have been made available to all employees. It has well defined process which ensures independent investigation of possible improprieties with appropriate follow up action and provides assurance that complainants will be protected from retaliatory action within the limit of laws.</p> <p>The Board will review the whistle-blowing policy and determine if it should be extended to external parties in due course.</p>
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2015, the ARC has been briefed by the EA on changes or amendments to accounting standards which have a direct impact on financial statements.
<b>Internal Audit</b>		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Company's internal audit function is outsourced to Wensen Consulting Asia (S) Pte. Ltd. (" <b>Wensen</b> ") that reports directly to the ARC on audit matters and to the Managing Director on administrative matters. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The ARC is satisfied that Wensen is adequately qualified (given, <i>inter alia</i> , its adherence to standards set by nationally/internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.



## CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b>Communication with Shareholders</b>		
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	In line with the continuous disclosure obligations under the relevant rules, the Board informs shareholders promptly of all major developments that may have a material impact on the Group in a timely manner. Half-year and full year results and other major developments of the Company are published through the SGXNet and/or press releases, as required by the Catalist Rules. The Company ensures that price-sensitive information is publicly released, and is announced within the mandatory period.  In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company does not have a dedicated investor relations team. Cindy Lee Pui Hoon, the Company's Admin and Corporate Affairs Director is responsible for the Company's communication with shareholders.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company may release press releases or organise media/analyst briefings to keep shareholders informed of corporate developments.
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. In considering the declaration of dividends, the Company will have to take into consideration the Group's profit growth, cash position, cash flows, projected capital requirements for business growth and other factors as the Board may deem relevant.
	Is the Company paying dividends for the financial year? If not, please explain why.	The Board has proposed a first and final dividend of S\$0.002 per ordinary share for FY2015 which will be subject to shareholders' approval at the forthcoming AGM.
<b>CONDUCT OF SHAREHOLDER MEETINGS</b>		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.  All resolutions will be put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.  All minutes of general meetings will be made available to shareholders upon their request.

## CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the ARC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following:</p> <ul style="list-style-type: none"> <li>• internal controls and the risk management system established by the Company;</li> <li>• work performed by the IA and EA;</li> <li>• assurance from the Managing Director and Finance Manager; and</li> <li>• reviews done by the various Board Committees and key management personnel.</li> </ul>
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the ARC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>There were no IPTs transacted during FY2015.</p>
1204(19)	Dealing in Securities	The Company has adopted a code of conduct to provide guidance to its officers in relation to dealings in the Company's securities. The Company, directors, officers and staff of the Group are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's full year or half-year results and ending on the date of the announcement of such results and at any time they are in possession of unpublished material price sensitive information in relation to these securities. Officers are also advised not to deal in the Company's securities on short-term considerations.
1204(21)	Non-sponsor fees	During FY2015, the Company paid to its continuing sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S\$2,500.

## DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Progen Holdings Ltd (the "Company") and its subsidiary companies (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

### Opinion of the Directors

In the opinion of the directors,

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

### Directors

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

Tan Eng Liang  
 Lee Ee @ Lee Eng  
 Ch'ng Jit Koon  
 Chee Wai Pong  
 Johnlin Yuwono  
 Francis Lau Choo Yew

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

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

### Directors' interests in shares and debentures

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

Name of director	Direct interest			Deemed interest		
	1.1.2015	31.12.2015	21.1.2016	1.1.2015	31.12.2015	21.1.2016
<b>The Company</b>						
<i>Ordinary shares</i>						
Lee Ee @ Lee Eng	74,524,690	79,083,690	79,083,690	913,041	913,041	913,041
Johnlin Yuwono	10,000,000	10,000,000	10,000,000	4,466,000	4,466,000	4,466,000
Ch'ng Jit Koon	–	–	–	200,000	200,000	200,000

## DIRECTORS' STATEMENT

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later or at the end of the financial year and at 21 January 2016.

### Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or has become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

### Options

The Company does not currently have an Employees' Share Option Scheme. The previous scheme had lapsed on 31 July 2010 and has since been discontinued.

### Audit & Risk Committee

The audit & risk committee ("ARC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

The ARC recommends to the Board of Directors the nomination of Ernst & Young LLP as external auditors at the forthcoming annual general meeting of the Company.

### Board's Opinion on Internal Controls

Based on the reports submitted by the internal auditor and the various management controls put in place, the Board with the concurrence of the ARC is of opinion that the internal controls and risk management systems of the Company are adequate in addressing its financial, operational, compliance and information technology risks.

### Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Lee Ee @ Lee Eng  
Director

Tan Eng Liang  
Director

Singapore  
18 March 2016



# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015

## Report on the consolidated Financial Statements

We have audited the accompanying financial statements of Progen Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 30 to 72, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the Financial Statements

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

## Auditor's responsibility

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

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

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

## Opinion

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

## Report on Other Legal and Regulatory Requirements

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

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

18 March 2016

# BALANCE SHEETS

As at 31 December 2015

	Notes	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	173	252	60	102
Investment property	5	26,000	13,800	-	-
Intangible assets – Development cost	6	228	166	-	-
Fixed deposits	7	4,000	2,000	-	-
Investment in subsidiaries	8	-	-	9,003	9,023
Deferred tax asset	17	95	8	-	-
		<b>30,496</b>	<b>16,226</b>	<b>9,063</b>	<b>9,125</b>
<b>Current assets</b>					
Cash and bank balances	7	1,813	8,607	217	2,988
Fixed deposits	7	8,175	12,253	6,610	7,185
Trade receivables	9	1,950	1,978	-	-
Prepayments		48	73	14	33
Deposits		132	96	47	47
Other receivables	10	12	51	5	-
Investment securities	11	63	68	-	-
Amounts due from subsidiaries	12	-	-	13,016	1,014
Inventories	13	273	253	-	-
Gross amount due from customers for contract work-in-progress	14	696	765	-	-
		<b>13,162</b>	<b>24,144</b>	<b>19,909</b>	<b>11,267</b>
<b>Current liabilities</b>					
Trade payables	15	(897)	(677)	(45)	(43)
Deferred revenue		(107)	(133)	-	-
Other payables	16	(3,813)	(2,261)	(554)	(839)
Income tax payable		(43)	(305)	(5)	(14)
Amounts due to subsidiaries	12	-	-	(456)	(509)
Gross amount due to customers for contract work-in-progress	14	(871)	(1,052)	-	-
		<b>(5,731)</b>	<b>(4,428)</b>	<b>(1,060)</b>	<b>(1,405)</b>
<b>Net current assets</b>		<b>7,431</b>	<b>19,716</b>	<b>18,849</b>	<b>9,862</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	(3)	(5)	-	-
<b>Net assets</b>		<b>37,924</b>	<b>35,937</b>	<b>27,912</b>	<b>18,987</b>
<b>Equity attributable to equity holders of the parent</b>					
Share capital	18	27,224	27,224	27,224	27,224
Foreign currency translation reserve	19	(200)	(111)	-	-
Accumulated profit/(losses)		10,900	8,824	688	(8,237)
<b>Total equity</b>		<b>37,924</b>	<b>35,937</b>	<b>27,912</b>	<b>18,987</b>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Notes	Group	
		2015 \$'000	2014 \$'000
<b>Revenue</b>			
Products and installation		6,337	15,668
Services and maintenance		490	460
Rental income		–	1,687
Total revenue		<u>6,827</u>	<u>17,815</u>
<b>Other items of income</b>			
Dividend income	20	2	3
Other income	21	<u>3,079</u>	<u>3,734</u>
Total other items of income		<u>3,081</u>	<u>3,737</u>
<b>Cost and expenses</b>			
Cost of products and installation		(3,999)	(10,708)
Property operating expenses		–	(1,434)
Salaries and employee benefits	21	(2,786)	(3,161)
Depreciation expense	4	(89)	(152)
Other expenses	21	<u>(1,040)</u>	<u>(1,045)</u>
Total cost and expenses		<u>(7,914)</u>	<u>(16,500)</u>
<b>Profit before income tax</b>		<b>1,994</b>	5,052
Income tax credit/(expense)	22	<u>82</u>	<u>(157)</u>
<b>Profit, net of tax, attributable to equity holders of the parent</b>		<b>2,076</b>	4,895
<b>Other comprehensive income</b>			
Foreign currency translation	19	<u>(89)</u>	<u>(18)</u>
Total comprehensive income attributable to equity holders of the parent		<u>1,987</u>	<u>4,877</u>
<b>Earnings per share (cents per share)</b>			
Basic	23	<u>0.764</u>	1.800
Diluted	23	<u>0.764</u>	1.800

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

## STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

Group	Attributable to equity holders of the Parent			
	Share capital (Note 18) \$'000	Foreign currency translation reserve (Note 19) \$'000	Accumulated profit \$'000	Total equity \$'000
<b>2015</b>				
<b>At 1 January</b>	27,224	(111)	8,824	35,937
Profit net of tax	–	–	2,076	2,076
Other comprehensive loss for the year	–	(89)	–	(89)
<b>Total comprehensive (loss)/income for the year</b>	–	(89)	2,076	1,987
<b>At 31 December</b>	<u>27,224</u>	<u>(200)</u>	<u>10,900</u>	<u>37,924</u>
<b>2014</b>				
<b>At 1 January</b>	27,224	(93)	3,929	31,060
Profit net of tax	–	–	4,895	4,895
Other comprehensive loss for the year	–	(18)	–	(18)
<b>Total comprehensive (loss)/income for the year</b>	–	(18)	4,895	4,877
<b>At 31 December</b>	<u>27,224</u>	<u>(111)</u>	<u>8,824</u>	<u>35,937</u>
Company	Attributable to equity holders of the Company			Total equity \$'000
	Share capital (Note 18) \$'000	Accumulated profit/(losses) \$'000		
<b>2015</b>				
<b>At 1 January</b>	27,224	(8,237)		18,987
Profit net of tax	–	8,925		8,925
Total comprehensive income for the year	–	8,925		8,925
<b>At 31 December</b>	<u>27,224</u>	<u>688</u>		<u>27,912</u>
<b>2014</b>				
<b>At 1 January</b>	27,224	(8,317)		18,907
Profit net of tax	–	80		80
Total comprehensive loss for the year	–	80		80
<b>At 31 December</b>	<u>27,224</u>	<u>(8,237)</u>		<u>18,987</u>

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



# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2015

	2015 \$'000	2014 \$'000
<b>Operating activities</b>		
Profit before income tax	1,994	5,052
<u>Adjustments for:</u>		
Interest income	(192)	(132)
Gain on disposal of property, plant and equipment	-	(250)
Dividend income from investment securities	(2)	(3)
Depreciation of property, plant and equipment	89	152
Allowance for doubtful debts	-	117
Bad debt written off	-	105
Fair value gain on investment property	(2,640)	(3,241)
Fair value loss on investment securities	5	6
Currency realignment	(89)	(18)
<b>Operating cash flows before changes in working capital</b>	<b>(835)</b>	1,788
Decrease in trade and other receivables	67	823
Increase in prepayments and deposits	(11)	(64)
Increase in inventories	(20)	(93)
Decrease in deferred rental income	-	52
Decrease/(increase) in gross amount due from customers for contract work-in-progress	69	(125)
Increase in trade payables	220	70
(Decrease)/increase in deferred revenue	(26)	4
Increase/(decrease) in other payables	447	(885)
Decrease in deferred rental expense	-	(138)
Decrease in gross amount due to customer for contract work-in-progress	(181)	(202)
<b>Cash flows (used in)/generated from operations</b>	<b>(270)</b>	1,230
Interest received	192	132
(Payment)/refund of taxes	(269)	114
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(347)</b>	1,476
<b>Investing activities</b>		
Purchase of property, plant and equipment	(10)	(37)
Proceeds from disposal of property, plant and equipment	-	250
Additions to intangible assets-development cost	(32)	-
(Increase)/decrease in fixed deposit pledged	(2,000)	6,000
Dividends received from investment securities	2	3
Additions to investment property	(8,485)	(1,759)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(10,525)</b>	4,457
Net (decrease)/increase in cash and cash equivalents	(10,872)	5,933
Cash and cash equivalents at 1 January	20,860	14,927
<b>Cash and cash equivalents at 31 December (Note 7)</b>	<b>9,988</b>	20,860

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 1. CORPORATE INFORMATION

Progen Holdings Ltd (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 12 Woodlands Loop, Singapore 738283.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars (“SGD” or “\$”) which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (“\$’000”) except when otherwise indicated.

### 2.2 Changes in accounting policies

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

### 2.3 Standards issued but not effective

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

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2015
Improvements to FRSs (January 2015)	
(a) Amendments to FRS 103 Business Combinations	1 July 2015
(b) Amendments to FRS 108 Operating Segments	
(c) Amendments to FRS 113 Fair Value Measurement	1 July 2015
(d) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2015
(e) Amendments to FRS 24 Related Party Disclosures	1 July 2015
Improvements to FRSs (February 2015)	
(a) Amendments to FRS 103 Business Combinations	1 July 2015
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2015

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards issued but not effective (cont'd)

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Improvements to FRSs issued:	
(a) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(b) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 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

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

#### FRS 115 Revenue from Contracts with Customers

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

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

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

#### FRS 109 Financial Instruments

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

The Group currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 *Basis of consolidation and business combinations*

#### (a) Basis of consolidation

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

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

#### (b) Business combinations

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 *Basis of consolidation and business combinations (cont'd)*

#### (b) Business combinations (cont'd)

Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

### 2.5 *Foreign currency*

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

#### (a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

#### (b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at average exchange rates for the year which approximate the exchange rates at the date of the transactions. The exchange differences arising on the translation are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity. On disposal of a foreign operation, the cumulative amount recognised in currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Plant and machinery	–	10 years
Furniture, fittings and equipment	–	4 to 10 years
Motor vehicles	–	5 years
Computers	–	3 years

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

The residual useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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

### 2.7 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

### 2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.8 *Intangible assets (cont'd)*

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use.

### 2.9 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit or loss is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

### 2.11 *Financial Instruments*

#### (a) *Financial assets*

##### Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

#### (i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the profit or loss. Net gains or net losses on financial assets at fair value through profit and loss include exchange differences, interest and dividend income.

#### (ii) *Loans and receivables*

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 *Financial Instruments (cont'd)*

#### (a) *Financial assets (cont'd)*

##### De-recognition

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

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

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

#### (b) *Financial liabilities*

##### Initial recognition and measurement

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

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

##### Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

#### (i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gain or loss arising from changes in fair value of the financial liabilities is recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

#### (ii) *Financial liabilities at amortised cost*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 *Financial Instruments (cont'd)*

#### (b) *Financial liabilities (cont'd)*

##### De-recognition

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

### 2.12 *Impairment of financial assets*

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Impairment of financial assets (cont'd)

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

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

### 2.13 Cash and cash equivalents

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

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash and bank balances and unpledged fixed deposits, net of bank overdrafts, if any.

### 2.14 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition, includes cost of finished goods and other direct attributable costs and is accounted for on a first-in-first-out basis. Cost of finished goods comprises direct materials, labour and an appropriate proportion of production overhead expenditure.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is based on estimated selling price in ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 2.15 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete. Stage of completion is determined by the actual cost incurred to date over the budgeted cost.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.16 Provisions

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.17 Employee benefits

#### (a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (b) Employee leave entitlement

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

### 2.18 Leases

#### (a) As lessee

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

### 2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and that revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

#### (a) Products and installation

Revenue from the sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from the contracting of installation is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is determined by reference to contract costs incurred to date as a percentage of total estimated costs.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Revenue (cont'd)

#### (b) Services and maintenance

Revenue from the provision of services is recognised upon the performance of services to the customer. Revenue from such services which is billed or collected in advance of the services being rendered, is deferred and reflected as deferred revenue.

#### (c) Dividend income

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

#### (d) Interest income

Interest income is recognised using the effective interest method.

### 2.20 Income taxes

#### (a) Current tax

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

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

#### (b) Deferred tax

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 *Income taxes (cont'd)*

#### (b) *Deferred tax (cont'd)*

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (c) *Sales tax*

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

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

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

### 2.21 *Share capital and share issuance expenses*

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



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Contingencies

A contingent liability is:

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

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

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

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

#### (a) Income taxes

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables, deferred tax asset and deferred tax liabilities at 31 December 2015 was \$43,000 (2014: \$305,000), \$95,000 (2014: \$8,000) and \$3,000 (2014: \$5,000) respectively.

#### (b) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

#### 3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### (a) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 28 to the financial statements. If the net present value of estimated future cash flows decrease by 10% from management's estimates for all past due loans and receivables, the Group's allowance for impairment will increase by \$20,000 (2014: \$38,000).

##### (b) *Construction contracts*

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 14 to the financial statements. If the estimated total contract cost had been 5% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been \$514,000 (2014: \$568,000) lower and \$2,015,000 (2014: \$1,808,000) higher respectively.

##### (c) *Revaluation of investment property*

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The fair value of investment property is determined by independent real estate valuation expert using income approach. The determination of the fair value of the investment property requires the use of estimates such as gross rental income and capitalisation rate. These estimates are based on local market conditions existing at the end of each reporting date. In relying on the valuation report, management has exercised its judgement to ensure that the valuation method and estimates are reflective of current local market conditions existing at the end of each reporting date.

The carrying amount of investment property and the key assumptions used to determine the fair value of the investment property are further disclosed in Note 5 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 4. PROPERTY, PLANT AND EQUIPMENT

<i>Group</i>	<b>Plant and machinery \$'000</b>	<b>Furniture, fittings and equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Computers \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>					
At 1 January 2014	43	544	486	95	1,168
Additions	8	–	24	5	37
Disposals	–	(429)	–	–	(429)
At 31 December 2014 and 1 January 2015	51	115	510	100	776
Additions	2	–	–	8	10
Disposals	–	–	–	–	–
At 31 December 2015	53	115	510	108	786
<b>Accumulated depreciation</b>					
At 1 January 2014	–	470	279	52	801
Charge for the year	5	49	73	25	152
Disposals	–	(429)	–	–	(429)
At 31 December 2014 and 1 January 2015	5	90	352	77	524
Charge for the year	6	4	60	19	89
Disposals	–	–	–	–	–
At 31 December 2015	11	94	412	96	613
<b>Net carrying amount</b>					
At 31 December 2014	46	25	158	23	252
At 31 December 2015	42	21	98	12	173

<i>Company</i>	<b>Furniture, fittings and equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Computers \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>				
At 1 January 2014	32	180	73	285
Additions	–	–	1	1
At 31 December 2014 and 1 January 2015	32	180	74	286
Additions	–	–	8	8
At 31 December 2015	32	180	82	294
<b>Accumulated depreciation</b>				
At 1 January 2014	17	68	43	128
Charge for the year	2	36	18	56
At 31 December 2014 and 1 January 2015	19	104	61	184
Charge for the year	2	36	12	50
At 31 December 2015	21	140	73	234
<b>Net carrying amount</b>				
At 31 December 2014	13	76	13	102
At 31 December 2015	11	40	9	60

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 5. INVESTMENT PROPERTY

	Group	
	2015 \$'000	2014 \$'000
At 1 January	13,800	8,800
Additions (subsequent expenditure)	9,560	1,759
Net gain from fair value adjustment recognised in profit or loss	2,640	3,241
At 31 December	26,000	13,800
Direct operating expenses (including repairs and maintenance)	154	154

Investment property is stated at fair value as at 31 December 2015 and 31 December 2014. This was determined based on valuation performed by HBA Group Property Consultants Pte Ltd, an accredited independent valuer. The net fair value gain of \$2,640,000 (2014: \$3,241,000) was recorded in "Other income" in profit or loss. The fair value of the investment property is determined using the Income Method (2014: Direct Comparison Method) which takes into account the estimated net rent and a capitalisation rate applicable to the property. The change in valuation method is due to there being no suitable evidences of sale of comparable properties in the vicinity of the property. In arriving at its estimates of market value, the valuer has used its market knowledge and professional judgement.

The investment property held by the Group as at 31 December 2015 is as follows:

<u>Description and Location</u>	<u>Existing Use</u>	<u>Tenure</u>	<u>Unexpired lease term</u>
Proposed 8-storey factory building at 28 Riverside Road, Singapore 739085	Factory*	Leasehold (Note 25)	30-year lease commencing from 1 February 1992. (Option to renew another 30 years)

\* Construction work is currently in progress on the proposed building to re-develop the investment property. The new building is scheduled for completion in Q2 2016.

Significant unobservable inputs used in the fair value measurement of investment property comprise the capitalisation rate of 5.28% and gross rental income of \$260 per square metre per annum. An increase (decrease) in capitalisation rate based on management's assumptions would result in a lower (higher) fair value measurement while an increase (decrease) in gross rental income would result in a higher (lower) fair value measurement.

#### Valuation policies and procedures

The fair value of investment property is determined by external, independent professional valuer with a recognised and relevant professional qualification and with experience in the location and category of the property being valued. Management reviews the appropriateness of the valuation methodology and assumptions adopted, and the reliability of the inputs used in the valuation.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 6. INTANGIBLE ASSETS – DEVELOPMENT COSTS

Group	2015 \$'000	2014 \$'000
<b>Cost</b>		
At 1 January 2015	166	166
Additions during the year	62	–
At 31 December 2015	<u>228</u>	<u>166</u>
<b>Accumulated amortisation</b>		
At 1 January 2015 and 31 December 2015	<u>–</u>	<u>–</u>
<b>Net carrying amount</b>		
At 31 December	<u>228</u>	<u>166</u>

Development costs relate to chilled ceiling air-conditioning system project for tropical climate.

### 7. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Current</i>				
Cash and bank balances	1,813	8,607	217	2,988
Fixed deposits	8,175	12,253	6,610	7,185
	<u>9,988</u>	<u>20,860</u>	<u>6,827</u>	<u>10,173</u>

Cash balances at bank earn interest at floating rates based on daily bank deposit rates. Current fixed deposits are made for varying periods of between 1 and 12 months, depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. The current fixed deposits bear interest ranging from 0.85% to 3.05% (2014: 1.10% to 3.05%) per annum.

Included in cash and cash equivalents of the Group are \$14,000 (2014: \$3,000) denominated in US Dollars (“USD”) and \$68,000 (2014: \$105,000) denominated in Malaysia Ringgit (“MYR”).

Not included in the Group’s cash and cash equivalents are:

	Group	
	2015 \$'000	2014 \$'000
<i>Non-current</i>		
Fixed deposits	<u>4,000</u>	<u>2,000</u>

Non-current fixed deposits are pledged to banks for banking facilities for one of its subsidiary companies. These pledged fixed deposits which mature in Year 2016 would be rolled over and they currently bear interest from 0.98% to 2.00% (2014: 0.24%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 8. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 \$'000	2014 \$'000
Unquoted equity shares, at cost	9,123	9,123
Impairment losses	(120)	(100)
	<b>9,003</b>	<b>9,023</b>

Assessment of impairment in investment in subsidiary companies is carried out every year and the necessary allowances are made accordingly. The impairment of S\$20,000 was made to write down subsidiary to its recoverable amount during Year 2015 (2014: nil).

### Composition of the Group

The Group has the following investment in subsidiaries.

Name of company (Country of incorporation)	Principal activities (Principal place of business)	Proportion (%) of ownership interest	
		2015	2014
<b><i>Held by the Company:</i></b>			
Progen Pte Ltd <sup>(1)</sup> (Singapore)	Trading and contracting of engineering works, cooling towers, air-conditioning and mechanical ventilation systems and rental of building space (Singapore)	100	100
D.B. Progen Servicing Pte Ltd <sup>(1)</sup> (Singapore)	Servicing and repairing of air-conditioners, cooling towers and other cooling equipment (Singapore)	100	100
Polacel Manufacturing (S.E. Asia) Pte Ltd <sup>(1)</sup> (Singapore)	Supply and installation of cooling fans, cooling towers and air-conditioners (Singapore)	100	100
Engpro Sdn Bhd <sup>(2)</sup> (Malaysia)	Installation and maintenance of air-conditioning systems (Malaysia)	100	100
<b><i>Held through: Progen Pte Ltd</i></b>			
Progen Industrial Pte Ltd <sup>(1)</sup> (Singapore)	Sale and distribution of household electrical appliances and air-conditioners (Singapore)	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Ernst & Young LLP, Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 9. TRADE RECEIVABLES

	Group	
	2015 \$'000	2014 \$'000
Trade receivables	1,120	1,060
Retention monies receivables	830	884
Rental receivables	–	34
	<b>1,950</b>	1,978
Trade receivables are stated after deducting allowance for doubtful debts of	<b>(665)</b>	(665)
<i>Analysis of allowance for doubtful debts:–</i>		
At 1 January	<b>(665)</b>	(548)
Charge for the year		
– Trade receivables	–	(102)
– Retention monies receivables	–	(15)
At 31 December	<b>(665)</b>	(665)

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

Trade receivables that are determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties or have defaulted on payments. They are not secured by any collateral or credit enhancements.

Trade receivables are denominated in SGD.

#### Receivables that are impaired

At the end of the reporting period, Group allowance of doubtful debts mainly relates to 2 customers that have been placed under judicial management in the prior financial year. These amounts to \$527,000 (2014: \$527,000) for impairment of the retention monies receivable and \$105,000 (2014: \$105,000) for impairment of trade receivables from customers with a nominal amount of \$527,000 (2014: \$527,000) and \$105,000 (2014: \$105,000) respectively.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to \$204,000 (2014: \$349,000) and rental receivables amounting to nil (2014: \$34,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2015 \$'000	2014 \$'000
<i>Trade receivables past due:</i>		
1 to 30 days	22	228
31 to 60 days	27	15
61 to 90 days	6	1
More than 90 days	149	105
	<b>204</b>	349
<i>Rental receivables past due:</i>		
1 to 30 days	–	–
31 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	–	34
	<b>–</b>	34

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 10. OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
PIC cash payout	-	44	-	-
Other receivables	12	7	5	-
Other receivables	12	51	5	-

### 11. INVESTMENT SECURITIES

	Group	
	2015 \$'000	2014 \$'000
<i>Held for trading investments at fair value</i>		
- Equity instruments (quoted)	63	68

During the financial year, the Group recognised a fair value loss arising from held for trading investments amounting to \$5,000 (2014: \$6,000) directly in the profit or loss.

### 12. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand. These amounts are to be settled in cash.

#### Amounts due from subsidiaries

	Company	
	2015 \$'000	2014 \$'000
Non-trade	13,136	1,134
Allowance for doubtful debts	(120)	(120)
	13,016	1,014
<i>Analysis of allowance for doubtful debts:-</i>		
At 1 January and 31 December	(120)	(120)

The non-trade balances relate to management fees due, common cost allocations as well as payment made on behalf of these subsidiaries. At the balance sheet date, the Company has provided an allowance of \$120,000 (2014: \$120,000) for doubtful recovery of amounts due from subsidiaries.

Amounts due from subsidiaries are denominated in SGD.

#### Amounts due to subsidiaries

The non-trade balances relate to payments made on behalf by the subsidiaries.

Included in amounts due to subsidiaries of the Company is \$456,000 (2014: \$456,000) denominated in Malaysia Ringgit ("MYR").

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 13. INVENTORIES

	Group	
	2015 \$'000	2014 \$'000
<i>At lower of cost and net realisable value</i>		
Consumables and spares	2	1
Trading stocks	271	252
	<b>273</b>	253
Inventories are stated after deducting allowance for obsolescence	<b>8</b>	8

Inventories recognised as an expense in cost of products and installation are \$3,976,000 and \$10,338,000 for the financial years ended 31 December 2015 and 2014 respectively.

### 14. CONSTRUCTION CONTRACTS

	Group	
	2015 \$'000	2014 \$'000
Contract costs incurred to date	32,094	29,553
Recognised profits less recognised losses to date	20,761	20,344
	<b>52,855</b>	49,897
Less: Progress billings	(53,030)	(50,184)
	<b>(175)</b>	(287)
This can be analysed as follows:-		
<i>Current assets</i>		
Gross amount due from customers for contract work-in-progress	696	765
<i>Current liabilities</i>		
Gross amount due to customers for contract work-in-progress	(871)	(1,052)
	<b>(175)</b>	(287)

Included in progress billings are retention receivables amounting to \$830,000 (2014: \$884,000). The amount of contract revenue recognised as revenue in the period amounts to \$6,208,000 (2014: \$15,149,000).

### 15. TRADE PAYABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables	709	402	45	43
Retention sums payable	188	275	-	-
	<b>897</b>	677	<b>45</b>	43

Trade payables are non-interest bearing and are normally settled on 60 days (2014: 60 days) terms.

Included in trade payables for the Group is an amount of \$100,000 (2014: \$51,000) denominated in Malaysian Ringgit.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 16. OTHER PAYABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Current</i>				
Accrued operating expenses	1,850	1,508	357	519
Deposits received	1	62	-	-
Sundry payables	1,772	382	7	11
Amounts due to Directors	190	309	190	309
	<b>3,813</b>	2,261	<b>554</b>	839

Included in accrued operating expenses are unbilled construction work done on investment property of \$1,075,000 (2014: nil) and additions to development cost of \$30,000 (2014: nil).

Sundry payables are non-interest bearing and have an average term of 12 months.

Amounts due to Directors are non-interest bearing and repayable on demand.

Included in other payables for the Group is an amount of \$13,000 (2014: \$15,000) denominated in Malaysian Ringgit.

### 17. DEFERRED TAX (LIABILITIES)/ASSETS

Deferred income tax as at 31 December relates to the following:

	Group				Company	
	Consolidated balance sheet		Statement of comprehensive income		Balance sheet	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Deferred tax liabilities</i>						
Differences in depreciation for tax purposes	(4)	(5)	(1)	51	-	-
Other items	1	-	(1)	6	-	-
	<b>(3)</b>	(5)	<b>(2)</b>	57	-	-
<i>Deferred tax assets</i>						
Provisions	4	8	4	-	-	-
Unutilised tax losses	90	-	(90)	-	-	-
Other items	1	-	(1)	(11)	-	-
	<b>95</b>	8	<b>(87)</b>	(11)	-	-
Net deferred tax assets	<b>92</b>	3			-	-
Deferred income tax expense (Note 22)			<b>(89)</b>	46		
<i>Deferred tax asset not recognised</i>						
Differences in depreciation for tax purposes	(21)	-			(21)	-
Provisions	10	-			10	-
Others	-	-			(20)	-
	<b>(11)</b>	-			<b>(31)</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 17. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

#### Deferred tax asset not recognised

Deferred tax asset arising from temporary differences are not recognised due to uncertainty of its recoverability.

#### Tax consequences of proposed dividends

There are no income tax consequences (2014: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

### 18. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares '000	\$'000	No. of shares '000	\$'000
<b>Ordinary shares issued and fully paid:</b>				
At 1 January and 31 December	<u>271,981</u>	<u>27,224</u>	<u>271,981</u>	<u>27,224</u>

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

### 19. FOREIGN CURRENCY TRANSLATION RESERVE

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

	Group	
	2015 \$'000	2014 \$'000
At 1 January	(111)	(93)
Net effect of exchange differences arising from translation of financial statements of foreign operations	<u>(89)</u>	<u>(18)</u>
At 31 December	<u>(200)</u>	<u>(111)</u>

### 20. DIVIDEND INCOME

	Group	
	2015 \$'000	2014 \$'000
Quoted investment securities	<u>2</u>	<u>3</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 21. OTHER INCOME, SALARIES AND EMPLOYEE BENEFITS, AND OTHER EXPENSES

	Group	
	2015 \$'000	2014 \$'000
<b>Other income</b>		
Fair value gain on investment property (Note 5)	2,640	3,241
Foreign exchange gain	84	17
Gain on disposal of property, plant and equipment	-	250
Interest income		
- Fixed deposits	175	112
- Current account	17	20
PIC cash payout and bonus	3	74
Others	160	20
	<b>3,079</b>	<b>3,734</b>
<b>Salaries and employee benefits</b>		
Salaries and bonuses	(2,244)	(2,549)
Central Provident Fund contributions	(101)	(112)
Other short term benefits	(441)	(500)
	<b>(2,786)</b>	<b>(3,161)</b>
<b>Other expenses</b>		
The following items have been included in arriving at other expenses:		
Legal fees	(20)	-
Rental expense	(348)	(208)
Audit fees:		
- Auditor of the Company	(78)	(78)
- Other auditors	(2)	(2)
Non-audit fees:		
- Auditor of the Company	(12)	(11)
Directors' fees	(207)	(237)
Fair value loss on investment securities (Note 11)	(5)	(6)
Bad debt written off	-	(105)
Allowance for doubtful debts (Note 9)	-	(117)

### 22. INCOME TAX (CREDIT)/EXPENSE

	Group	
	2015 \$'000	2014 \$'000
<b>Statement of Comprehensive Income:</b>		
Current income tax		
- Current income taxation	7	262
- Overprovision in respect of previous years	-	(59)
	7	203
Deferred income tax		
- Origination and reversal of temporary differences	(121)	(46)
- Underprovision in respect of previous years	32	-
	<b>(89)</b>	<b>(46)</b>
Income tax (credit)/expense recognised in profit or loss	<b>(82)</b>	<b>157</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 22. INCOME TAX (CREDIT)/EXPENSE (CONT'D)

#### Relationship between tax (credit)/expense and accounting profit

The reconciliation between tax (credit)/expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015 \$'000	2014 \$'000
Profit before income tax	<u>1,994</u>	<u>5,052</u>
Tax calculated at corporate tax rate of 17% (2014: 17%)	339	859
Non-deductible expenses	29	61
Income not subject to taxation	(448)	(602)
Effect of productivity and innovation credit	(2)	(13)
Effect of partial tax exemption and tax relief	(7)	(93)
Under/(over)provision in respect of prior years	32	(59)
Others	<u>(25)</u>	<u>4</u>
Income tax (credit)/expense recognised in the profit or loss	<u>(82)</u>	<u>157</u>

### 23. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing the net profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options).

The following reflects the net profit and share data used in the basic and diluted earnings per share computations for the years ended 31 December:

	Group	
	2015 \$'000	2014 \$'000
Profit for the year attributable to equity holders of the parent used in the computation of basic and diluted earnings per share	<u>2,076</u>	<u>4,895</u>
	No. of shares	
	'000	'000
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share	<u>271,981</u>	<u>271,981</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 24. DIRECTORS' REMUNERATION

In compliance with the requirements of the Singapore Exchange Securities Trading Limited, the number of directors whose remuneration falls within the following bands are as follows:

	Number of Directors	
	2015	2014
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	5	5
	<b>6</b>	<b>6</b>

### 25. COMMITMENTS

#### (a) Operating lease commitments – As lessee

The Company had entered into two years leasing agreement with Ardentec Singapore Pte Ltd effective from 1 August 2014. In addition, a subsidiary holds another leasehold building under an agreement with the Housing and Development Board. There are no restrictions placed upon the Company by entering into these leases.

Minimum lease payments, recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to \$348,000 (2014: \$1,564,000).

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Within one year	245	343	146	249
After one year but not more than five years	397	522	–	146
More than five years	107	196	–	–
	<b>749</b>	<b>1,061</b>	<b>146</b>	<b>395</b>

Leasehold building held by a subsidiary has option to renew the lease of leasehold land for another 30 years after the expiry of the current leasehold period of 30 years on 1 February 2022. Lease rental is subject to an annual revision as specified in the agreement. The leasehold building is classified as investment property (Note 5).

#### (b) Contingent liabilities

The Company has undertaken to provide continuing financial support for 1 (2014: 1) subsidiary company to enable it to operate as a going concern for at least twelve months from the date of its financial statement and to meet its liabilities as and when it falls due.

#### (c) Capital Commitment

Capital expenditure contracted for as at 31 December 2015, but not recognised in the financial statements in respect of investment property amounted to \$1,936,000 (2014: \$8,892,000).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 26. RELATED PARTY DISCLOSURES

An entity or individual is considered a related party of the Group for the purpose of the financial statements if,

- (i) It possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or
- (ii) It is subject to common control or common significant influence.

During the financial year, other than those disclosed elsewhere in the financial statement, the transactions between the key management personnel and the Group are as follows:

#### *Compensation of key management personnel*

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other emoluments	<b>1,599</b>	1,599
Central Provident Fund contributions	<b>70</b>	70
Other short-term benefits	<b>159</b>	291
	<b>1,828</b>	1,960
<i>Comprise amounts paid to:</i>		
– Directors of the Company	<b>1,115</b>	1,219
– Other key management personnel	<b>713</b>	741
	<b>1,828</b>	1,960

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The Audit & Risk Committee provides independent oversight to the effectiveness of the risk management process.

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

#### **(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and amounts due from subsidiaries. For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (a) Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

	Group			
	2015		2014	
	<u>\$'000</u>	<u>% of total</u>	<u>\$'000</u>	<u>% of total</u>
<b>By country:</b>				
Singapore	<u>1,950</u>	<u>100</u>	<u>1,978</u>	<u>100</u>
<b>By industry sectors:</b>				
Products and installation	1,918	98	1,898	96
Services and maintenance	32	2	46	2
Property	-	-	34	2
	<u>1,950</u>	<u>100</u>	<u>1,978</u>	<u>100</u>

#### Financial assets that are neither past due nor impaired

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

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9 (Trade receivables) and Note 12 (Amounts due from subsidiaries).

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted payments.

Group	Notes	2015				2014					
		Within		After		Within		After			
		1 year	5 years	1 year	5 years	1 year	5 years	1 year	5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial assets</b>											
Trade receivables	9	1,950	-	-	-	1,978	-	-	-	-	1,978
Other receivables	10	12	-	-	12	51	-	-	-	-	51
Cash and bank balances	7	1,813	-	-	1,813	8,607	-	-	-	-	8,607
Deposits		132	-	-	132	96	-	-	-	-	96
Investment securities	11	63	-	-	63	68	-	-	-	-	68
Fixed deposits	7	8,175	4,237	-	12,412	12,253	2,019	-	-	-	14,272
<b>Total undiscounted financial assets</b>		<b>12,145</b>	<b>4,237</b>	<b>-</b>	<b>16,382</b>	<b>23,053</b>	<b>2,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,072</b>
<b>Financial liabilities</b>											
Trade payables	15	897	-	-	897	677	-	-	-	-	677
Other payables	16	3,813	-	-	3,813	2,261	-	-	-	-	2,261
Total undiscounted financial liabilities		4,710	-	-	4,710	2,938	-	-	-	-	2,938
<b>Total net undiscounted financial assets</b>		<b>7,435</b>	<b>4,237</b>	<b>-</b>	<b>11,672</b>	<b>20,115</b>	<b>2,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,134</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity risk (cont'd)

Company	Notes	Within 1 year		After 1 year but within 5 years		Within 1 year		After 1 year but within 5 years		Total		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial assets</b>												
Cash and bank balances	7	217	-	-	-	217	2,988	-	-	-	2,988	
Fixed deposits	7	6,610	-	-	-	6,610	7,185	-	-	-	7,185	
Deposit		47	-	-	-	47	47	-	-	-	47	
Amounts due from subsidiaries	12	13,016	-	-	-	13,016	1,014	-	-	-	1,014	
Total undiscounted financial assets		19,890	-	-	-	19,890	11,234	-	-	-	11,234	
<b>Financial liabilities</b>												
Trade payables	15	45	-	-	-	45	43	-	-	-	43	
Other payables	16	554	-	-	-	554	839	-	-	-	839	
Amounts due to subsidiaries	12	456	-	-	-	456	509	-	-	-	509	
Total undiscounted financial liabilities		1,055	-	-	-	1,055	1,391	-	-	-	1,391	
<b>Total net undiscounted financial assets</b>		<b>18,835</b>	-	-	-	<b>18,835</b>	<b>9,843</b>	-	-	-	<b>9,843</b>	

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from cash and bank balances and fixed deposits. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 12 months (2014: less than 12 months) from the balance sheet date. The following table sets out the carrying amount by maturity of the Group's and the Company's financial instruments that are exposed to interest rate risk.

2015 Group	Notes	After 1 year			Total \$'000
		Within 1 year \$'000	but within 5 years \$'000	After 5 years \$'000	
<i>Fixed rate</i>					
Fixed deposits	7	8,175	–	–	8,175
<i>Floating rate</i>					
Cash and bank balances	7	1,813	–	–	1,813
Fixed deposits	7	–	4,000	–	4,000
<b>Company</b>					
<i>Fixed rate</i>					
Fixed deposits	7	6,610	–	–	6,610
<i>Floating rate</i>					
Cash and bank balances	7	217	–	–	217
<b>2014</b>					
<b>Group</b>					
<i>Fixed rate</i>					
Fixed deposits	7	12,253	–	–	12,253
<i>Floating rate</i>					
Cash and bank balances	7	8,607	–	–	8,607
Fixed deposits	7	–	2,000	–	2,000
<b>Company</b>					
<i>Fixed rate</i>					
Fixed deposits	7	7,185	–	–	7,185
<i>Floating rate</i>					
Cash and bank balances	7	2,988	–	–	2,988

#### Sensitivity analysis for interest rate risk

At the balance sheet date, if the SGD interest rates had been 75 (2014: 75) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have been \$32,000 (2014: \$76,000) higher/lower, arising mainly as a result of higher/lower interest income on floating rate cash and bank balances and fixed deposits.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (d) Foreign currency risk

The Group has no transactional currency exposures arising from sales or purchases that are denominated in currencies other than the respective functional currencies of Group entities.

The Group holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances amount to \$82,000 (2014: \$108,000).

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group's entities, with all other variables held constant.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
	<b>Profit</b>	<b>Profit</b>
	<b>net of tax</b>	<b>net of tax</b>
USD/SGD – strengthened 5% (2014: 5%)	*	*
– weakened 5% (2014: 5%)	(*)	(*)

\* Denotes less than \$1,000

#### (e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment securities. The investment securities are quoted on the SGX-ST in Singapore and are classified as held for trading. The Group does not have exposure to commodity price risk.

#### Sensitivity analysis for equity price risk

At the balance sheet date, if the Straits Time Index had been 2% (2014: 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been \$1,000 (2014: \$1,000) higher/lower, arising as a result of higher/lower fair value gains on investment securities.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 28. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The financial instruments of the Group and Company as at 31 December by classes are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Loans and receivables</b>				
Fixed deposits (non-current)	4,000	2,000	-	-
Cash and bank balances	1,813	8,607	217	2,988
Fixed deposits (current)	8,175	12,253	6,610	7,185
Trade receivables	1,950	1,978	-	-
Deposits	132	96	47	47
Other receivables	12	51	-	-
Amounts due from subsidiaries	-	-	13,016	1,014
	<b>16,082</b>	<b>24,985</b>	<b>19,890</b>	<b>11,234</b>
<b>Financial assets at fair value through profit or loss</b>				
Investment securities	63	68	-	-
	<b>63</b>	<b>68</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities at amortised cost</b>				
Trade payables	(897)	(677)	(45)	(43)
Other payables	(3,813)	(2,261)	(554)	(839)
Amounts due to subsidiaries	-	-	(456)	(509)
	<b>(4,710)</b>	<b>(2,938)</b>	<b>(1,055)</b>	<b>(1,391)</b>

#### (a) Fair value hierarchy

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

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

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

**(b) Assets and liabilities measured at fair value**

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2015 \$'000			
	Fair value measurements at the end of the reporting period using:			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Assets measures at fair value</b>				
<b>Financial assets:</b>				
Quoted equity instruments (Note 11)	63	–	–	63
Financial assets as at 31 December 2015	<u>63</u>	<u>–</u>	<u>–</u>	<u>63</u>
<b>Non-financial assets:</b>				
Investment property				
– Commercial (Note 5)	–	–	26,000	26,000
Non-financial assets as at 31 December 2015	<u>–</u>	<u>–</u>	<u>26,000</u>	<u>26,000</u>

There have been no transfers between Level 1, Level 2 and Level 3 during 2015 and 2014.

**(c) Level 3 fair value measurements**

**(i) Information about significant unobservable inputs used in Level 3 fair value measurements**

Observable inputs are quoted prices for assets in a market. Where the market price for an asset is not available, unobservable inputs are used and they are developed using assumptions that market participants would use when pricing the asset.

Where necessary, these inputs have been adjusted to reflect specific circumstances of the investment property and developed using the best information available about the assumptions that market participants would use when pricing the assets.

Significant unobservable inputs used in the fair value measurement of investment property are disclosed in Note 5 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

#### (c) Level 3 fair value measurements (cont'd)

##### (ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs:

	<b>Group 2015 \$'000</b>
	<b>Investment property Commercial</b>
At 1 January	13,800
Total gains or losses for the period	
Included in profit or loss	2,640
Included in other comprehensive income	-
Purchases, issues, sales and settlements	
Purchases	9,560
At 31 December	<b>26,000</b>

##### (iii) Valuation policies and procedures

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

Management documents and reports its analysis and results of the external valuations to the Audit & Risk Committee on a yearly basis. The Audit & Risk Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

**(d) *Assets and liabilities not carried at fair value but for which fair value is disclosed***

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature: Cash and bank balances (Note 7), fixed deposits (Note 7), trade receivables (Note 9), deposits and other receivables (Note 10), amounts due from subsidiaries (Note 12), trade payables (Note 15), other payables (Note 16) and amounts due to subsidiaries (Note 12).

The carrying amount of non-current fixed deposits approximates its fair values as the interest rate approximates market rates.

### 29. SEGMENT INFORMATION

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

- I. The products and installation segment relates to trading and contracting of engineering works, cooling towers, air-conditioning and mechanical ventilation systems.
- II. The services and maintenance segment relates to servicing and repairing of air-conditioners, cooling towers and other cooling equipment.
- III. The rental segment relates to the leasing of factory and office space.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment revenue, expenses and results incurred are transferred between business segments. Those transfers are eliminated on consolidation.

Transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties.

As the Group operates substantially in Singapore, no segment information by geographical segment is presented.

Revenue from 5 (2014: 3) major customers amount to \$5,149,000 (2014: \$13,559,000) arising from sales under the products and installation segment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

## 29. SEGMENT INFORMATION (CONT'D)

The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2015 and 2014:

Business segments	Products and installation		Servicing and maintenance		Rental		Others		Eliminations/ Adjustments		Group	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Segment revenue</i>												
Sales to external customers	6,337	15,640	490	488	-	1,687	-	-	-	-	6,827	17,815
Intersegment sales	392	67	35	87	-	-	-	-	(427)	(154)	-	-
Total revenue											6,827	17,815
<i>Segment results</i>												
Interest income	94	34	7	6	-	4	91	88	-	-	192	132
Dividend income	2	3	-	-	-	-	8,900	-	(8,900)	-	2	3
Fair value gain on investment property	-	-	-	-	2,633	3,241	-	-	7	-	2,640	3,241
Depreciation	(19)	(72)	(20)	(18)	-	(6)	(50)	(56)	-	-	(89)	(152)
Other non-cash expenses	-	200	-	-	-	22	-	-	-	-	-	222
Segment profit before tax	(1,215)	1,361	3	50	2,633	3,367	180	120	393	154	1,994	5,052
Income tax credit/(expense)	83	(124)	2	(10)	-	(14)	(3)	(9)	-	-	82	(157)
Profit, net of tax											2,076	4,895
<i>Segment assets and liabilities</i>												
Segment assets	9,186	17,089	1,541	2,414	26,000	10,392	6,966	10,475	(35)	-	43,658	40,370
Segment liabilities	4,969	3,084	160	194	-	192	605	963	-	-	5,734	4,433
Capital expenditure	65	10	-	24	9,567	1,760	7	2	(7)	-	9,632	1,796

### Notes:

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash expenses pertain to impairment of doubtful debt.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

### 30. DIVIDENDS

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Proposed but not recognised as a liability as at 31 December:</b>		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
– Final exempt (one-tier) dividend for 2015: 0.20 cents (2014: nil)	<b>544</b>	–

### 31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made to the objectives, policies or processes during the years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group aims to maintain a sustainable gearing ratio. The Group includes within net debt, trade payables, other payables, less cash and cash equivalents.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables (Note 15)	<b>(897)</b>	(677)
Other payables (Note 16)	<b>(3,813)</b>	(2,261)
Less: Cash and cash equivalents (Note 7)	<b>9,988</b>	20,860
Cash and cash equivalents in excess of total debt	<b>5,278</b>	17,922
Equity attributable to the equity holders of the parent	<b>37,924</b>	35,937

At the balance sheet date, the Group's cash and cash equivalents were in excess of the total debts.

### 32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 18 March 2016.

## SHAREHOLDERS' INFORMATION

As at 22 March 2016

Number of equity securities : 271,980,729  
 Number of treasury shares : Nil  
 Class of equity securities : Ordinary share  
 Voting rights : One vote per share

### Statistics of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	8	0.52	256	0.00
100 – 1,000	148	9.65	76,714	0.03
1,001 – 10,000	541	35.25	2,998,652	1.10
10,001 – 1,000,000	816	53.16	47,368,069	17.42
1,000,001 and above	22	1.43	221,537,038	81.45
	1,535	100.00	271,980,729	100.00

### Substantial Shareholders

(As recorded in the Register of Substantial Shareholders)

Name of Shareholders	Direct Interest	%	Deemed Interest	%
Lee Ee @ Lee Eng <sup>(1)</sup>	79,083,690	29.08	913,041	0.34
Golden Wang Holdings Pte. Ltd.	54,400,000	20.00	–	–
Lau Kung Ching <sup>(2)</sup>	2,742,000	1.01	54,400,000	20.00
Ting Jack Hing <sup>(3)</sup>	–	–	54,400,000	20.00
Johnlin Yuwono and/or Chu Jang Lie <sup>(4)</sup>	12,500,000	4.60	1,966,000	0.72

#### Notes:

- Out of the 79,083,690 shares directly interested by Mr Lee Ee @ Lee Eng, 6,349,500 shares are held by United Overseas Bank Nominees (Private) Limited. Mr Lee is deemed to be interested in the 913,041 shares held by his wife, Mdm Koh Moi Huang.
- Mr Lau Kung Ching is deemed to be interested in the 54,400,000 shares held by Golden Wang Holdings Pte. Ltd. ("GW") pursuant to Section 7 of the Companies Act of Singapore, Chapter 50 as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in GW. Based on the records of the Central Depository Pte Limited as at 22 March 2016, Mr Lau has a direct interest of 2,025,000 shares in the Company.
- Mr Ting Jack Hing is deemed to be interested in the 54,400,000 shares held by GW pursuant to Section 7 of the Companies Act of Singapore, Chapter 50 as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in GW.
- Out of the 12,500,000 shares directly interested by Mr Johnlin Yuwono and/or Mdm Chu Jang Lie, 10,000,000 are held by United Overseas Bank Nominees (Private) Limited in favour of Mr Johnlin Yuwono and/or Mdm Chu Jang Lie. Mr Johnlin Yuwono and/or Mdm Chu Jang Lie are deemed interested in the 1,966,000 shares held by UOB Kay Hian Private Limited in favour of Yong Kang International Ltd. Mr Johnlin Yuwono and/or Mdm Chu Jang Lie are directors and shareholders of Yong Kang International Ltd.

## SHAREHOLDERS' INFORMATION

As at 22 March 2016

### Twenty Largest Shareholders

Name	Number of Shares	%
1. Lee Ee @ Lee Eng	72,734,190	26.74
2. Golden Wang Holdings Pte Ltd	54,400,000	20.00
3. United Overseas Bank Nominees (Private) Limited	20,247,250	7.44
4. Lee Kong Lai	13,564,000	4.99
5. PT Kestrel Sekuritas Indonesia	11,680,000	4.29
6. UOB Kay Hian Private Limited	8,874,000	3.26
7. Ooi Thian Huang	5,254,500	1.93
8. Han Jing	4,894,600	1.80
9. HSBC (Singapore) Nominees Pte Ltd	3,920,000	1.44
10. Tan Ann Ni (Chen Anni)	3,453,000	1.27
11. Koh May Kiaw	3,256,000	1.20
12. DBS Nominees (Private) Limited	2,631,035	0.97
13. Johnlin Yuwono	2,500,000	0.92
14. Lau Kung Ching	2,025,000	0.74
15. Lee Kai Heng	2,000,000	0.74
16. OCBC Nominees Singapore Private Limited	1,826,250	0.67
17. Lee Yung Li Andy	1,624,000	0.60
18. Lee Pui Hoon (Li Peifen)	1,620,001	0.60
19. Forte Engineering Pte Ltd	1,455,000	0.53
20. CIMB Securities (Singapore) Pte Ltd	1,293,012	0.48
	<b>219,251,838</b>	<b>80.61</b>

### Percentage of Shareholding in Public's Hands

As at 22 March 2016, to the best of our knowledge, approximately 37% of the Company's ordinary shares were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalist.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Progen Holdings Limited (the “**Company**”) will be held at 12 Woodlands Loop, Singapore 738283 on Wednesday, 27 April 2016 at 10.00 a.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Auditor’s Report. **(Resolution 1)**
2. To declare a first and final dividend of 0.2 Singapore cents per share (one-tier tax exempt) for the financial year ended 31 December 2015 (2014: Nil). **(Resolution 2)**
3. To re-elect Mr. Johnlin Yuwono who will be retiring by rotation pursuant to Article 109 of the Constitution of the Company. **(Resolution 3)**  
[See Explanatory Note (i)]
4. To approve the payment of Directors’ fees of S\$208,900 for the financial year ended 31 December 2015 (2014: S\$208,900). **(Resolution 4)**
5. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

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

#### 7. **Re-appointment of Directors**

To re-appoint the following Directors, who will be retiring under the respective resolutions passed at last year’s annual general meeting pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the “**Act**”) (which was then in force), as Directors of the Company:

- (a) Mr Ch’ng Jit Koon **(Resolution 6(a))**
- (b) Dr Tan Eng Liang **(Resolution 6(b))**

[See Explanatory Note (ii)]

#### 8. **Authority to issue shares**

That pursuant to Section 161 of the Act and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited Listing Manual: Rules of Catalist (the “**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

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

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



## 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 Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new shares arising from the conversion or exercise of any convertible securities;
- (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**

[See Explanatory Note (iii)]

By Order of the Board

Ngiam May Ling  
Secretary  
Singapore, 12 April 2016

## NOTICE OF ANNUAL GENERAL MEETING

### Explanatory Notes:

- (i) Mr Johnlin Yuwono will, upon re-election as a Director of the Company, remain as a member of the Audit & Risk and Remuneration Committees and will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Yuwono does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information of Mr Yuwono can be found under the section entitled 'Board of Directors' on page 5 of the Annual Report 2015.
- (ii) The Ordinary Resolutions 6(a) and 6(b) are for the re-appointment, respectively, of Mr Ch'ng Jit Koon and Dr Tan Eng Liang, as Directors of the Company. These Resolutions will be individually proposed at the Annual General Meeting. Each Resolution is to approve and authorise the continuation of the relevant Director in office, as a Director of the Company, from the date of the Annual General Meeting onwards without limitation in tenure save for prevailing applicable laws, listing rules and/or regulations, including the Company's Constitution. This is consequent upon the repeal of Section 153 of the Act with effect from 3 January 2016. The respective resolutions passed pursuant to Section 153(6) of the Act at last year's Annual General Meeting (as Section 153 was then still in force) could only permit the re-appointment of the Director, being over 70 years of age, to hold office as Director of the Company until this Annual General Meeting.

Mr Ch'ng Jit Koon will, upon re-appointment as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit & Risk, Nominating and Investment Review Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Ch'ng does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Ch'ng can be found under the section entitled 'Board of Directors' on page 4 of the Annual Report 2015.

Dr Tan Eng Liang will, upon re-appointment as a Director of the Company, remain as the Chairman of the Audit & Risk and Investment Review Committees and a member of the Remuneration and Nominating Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Dr Tan does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Dr Tan can be found under the section entitled 'Board of Directors' on page 4 of the Annual Report 2015.

- (iii) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a *pro-rata* basis to shareholders.

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

### Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Act.

2. A proxy need not be a Member of the Company.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 12 Woodlands Loop, Singapore 738283 not less than 48 hours before the time appointed for holding the Annual General Meeting.

### Personal data privacy:

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

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# PROGEN HOLDINGS LIMITED

(Company Registration No. 199605118C)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. 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.

I/We, \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of Progen Holdings 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 12 Woodlands Loop, Singapore 738283 on Wednesday, 27 April 2016 at 10.00 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, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For <sup>(1)</sup>	Number of Votes Against <sup>(1)</sup>
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015		
2	Payment of proposed first and final dividend of 0.2 Singapore cents per share (one-tier tax exempt) for the financial year ended 31 December 2015		
3	Re-election of Mr Johnlin Yuwono as a Director of the Company		
4	Approval of Directors' fees amounting to S\$208,900 for the financial year ended 31 December 2015		
5	Re-appointment of Messrs Ernst & Young LLP as Auditor and authority for Directors to fix their remuneration		
6a	Re-appointment of Mr Ch'ng Jit Koon as a Director of the Company		
6b	Re-appointment of Dr Tan Eng Liang as a Director of the Company		
7	Authority to issue new shares		

(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

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

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

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

\* Delete where inapplicable



**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), 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 the Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the Meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. 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.
  6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 12 Woodlands Loop, Singapore 738283 not less than 48 hours before the time appointed for the Meeting.
  7. 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.
  8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2016.

**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 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.







**PROGEN**

**PROGEN HOLDINGS LIMITED**

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Company Registration No. 199605118C