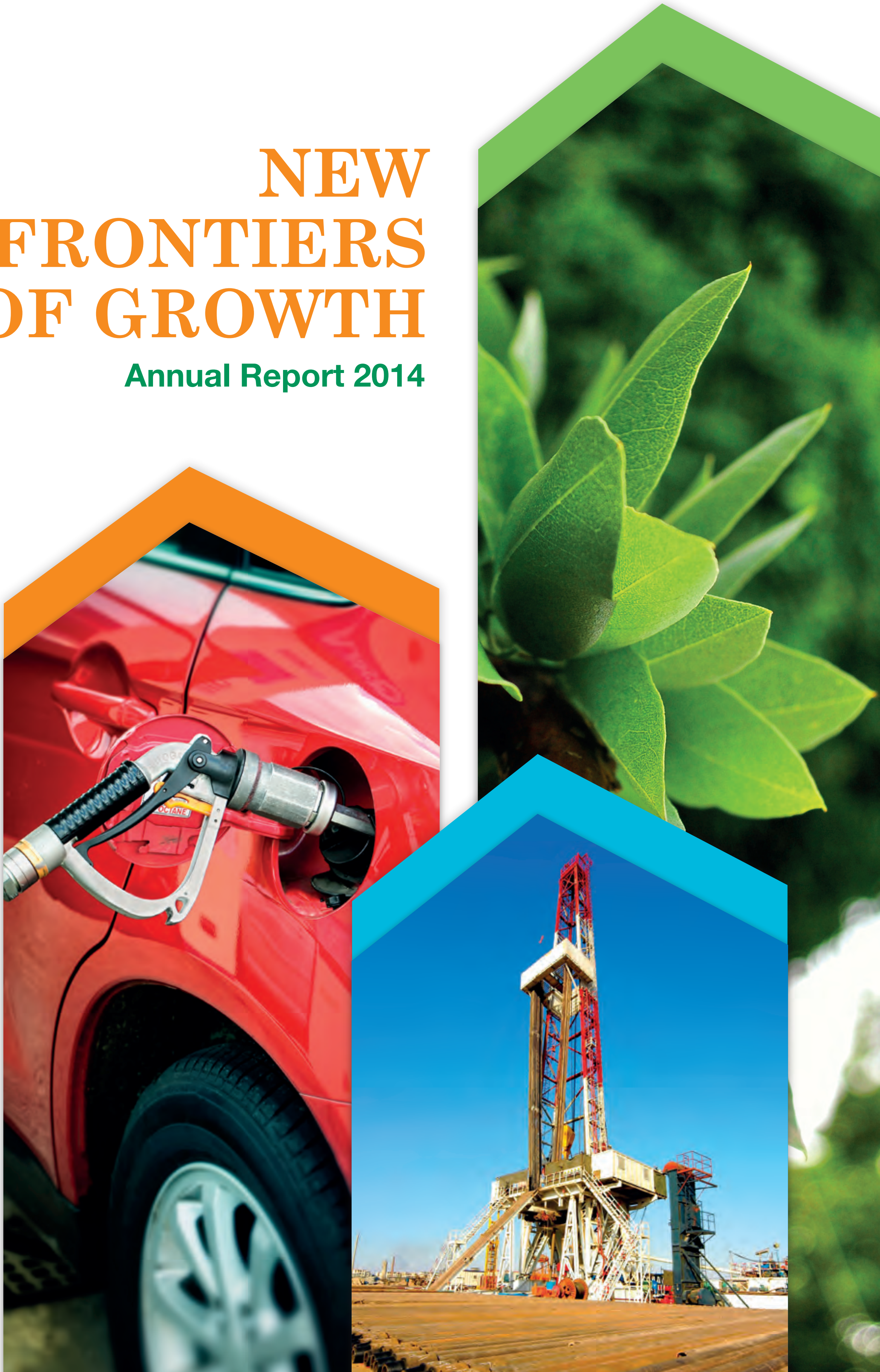
InnoPac
Holdings Limited

NEW FRONTIERS OF GROWTH

Annual Report 2014



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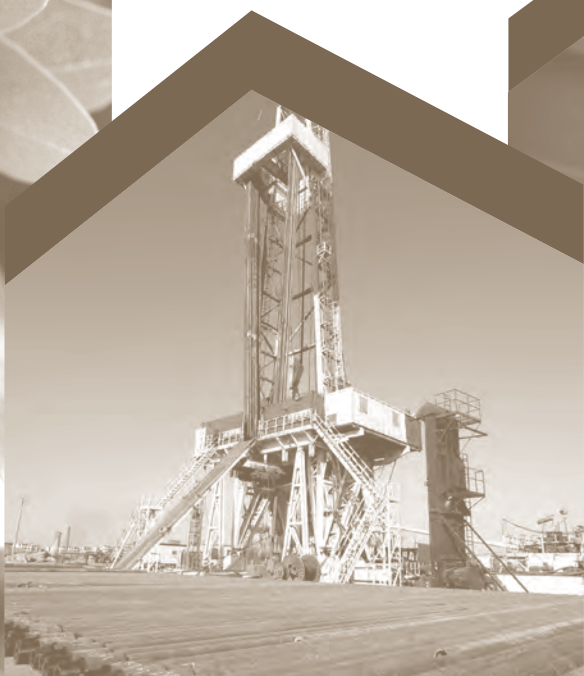

CORPORATE PROFILE

DIRECTORS

Dato' Moehamad Izat Emir
Chairman

Wong Chin Yong
Managing Director

Ong Kah Hock
Director

Arslan Koichiev
Director

Jeremy Dyer
Director

AUDIT COMMITTEE

Ong Kah Hock

Dato' Moehamad Izat Emir
(Appointed on 27 June 2014)

Jeremy Dyer
(Appointed on 27 June 2014)

COMPANY SECRETARY

Stanley Chu Kam Po

REGISTERED OFFICE

190 Middle Road
#19-07 Fortune Centre
Singapore 188979

SHARES REGISTRAR & TRANSFER OFFICE

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

WARRANT AGENT

B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS

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

SOLICITORS

Robert Wang & Woo LLP

Straits Law Practice LLC

BANKERS

DBS Bank Ltd

United Overseas Bank Ltd

CHAIRMAN'S STATEMENT

"The Group continued to actively explore and evaluate investment and acquisition opportunities with the aim of building a portfolio of businesses and investments that have consistent cash flow, as well as growth and capital gain potential."

Dato' Moehamad Izat Emir
Chairman

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Innopac Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 ("FY2014"). In FY2014, the Group continued to actively explore and evaluate investment and acquisition opportunities with the aim of building a portfolio of businesses and investments that have consistent cash flow, as well as growth and capital gain potential.

As at 31 December 2014, the Group has reviewed several such acquisition and investment opportunities.

FINANCIAL REVIEW

Financial performance

The Group's revenue decreased from S$10.8 million in FY2013 to S$0.8 million in FY2014 as a result of insignificant investment trading activities during the year as the Group's resources were harnessed to actively explore other acquisition and investment opportunities. Revenue from Investment trading decreased to S$0.3 million in FY2014 from S$10.8 million in FY2013, while that from products trading increased to S$0.5 million. Net loss attributable to shareholders decreased from S$54.5 million to S$5.4 million.

Net losses from investment trading activities narrowed to S$10.0 million as compared to net losses of S$62.9 million for the corresponding period of the previous year. The net losses arose mainly from fair value losses as the Group's value of investments in marketable securities are marked-to-market as at end FY2014. There was a net realised gain of S$36.9 million from derivatives receivables. Net losses from derivative instruments and other assets decreased from S$12.2 million in FY2013 to S$2.3 million in FY2014.

Loss per share for the Group was reduced from 1.82 Singapore cents in FY2013 to 0.16 Singapore cents in FY2014.

Financial position

The Group's total assets increased by 8.5% from S$74.5 million as at 31 December 2013 to S$80.8 million as at 31 December 2014. Non-current assets decreased to S$31.8 million as at 31 December 2014 from S$37.2 million as at 31 December 2013. The decrease was due to the Group's decision to dispose of its land use rights and a decline in value of its investment properties. The value of Investment properties decreased to S$11.8 million as at 31 December 2014 from S$13.4 million as at 31 December 2013. The Group's investment properties includes residential and commercial properties and the decrease was mainly due to the disposal of a residential property in Malaysia and the change in fair value of the remaining properties.

CHAIRMAN'S STATEMENT

Current assets increased from S$37.3 million as at 31 December 2013 to S$49.0 million as at 31 December 2014. Following the completion of the sale of some marketable securities, our derivative receivables and other assets decreased by S$20.7 million and our trade receivables increased by S$30.9 million due to a reclassification of the net receivable. Cash and cash equivalents increased to S$5.2 million as at 31 December 2014, compared to S$2.8 million as at 31 December 2013.

Equity attributable to shareholders increased from S$60.6 million in FY2013 to S$64.2 million in FY2014. The net asset value per share was 1.48 Singapore cents as at 31 December 2014 compared to 1.78 Singapore cents as at 31 December 2013.

BUSINESS REVIEW

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

Portfolio management in investments held for trading and financial instruments

The Group invests surplus cash that is not immediately required for operations in marketable securities and financial instruments. It constantly evaluates opportunities for such investments. The fair value of the Group's portfolio of marketable securities and financial instruments is subject to external market factors at the time of valuation and this may have an impact on the profit or loss of the Group for the reporting period.

Investments in properties

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

Technology and trading

The Group's wholly-owned subsidiary, PG Communications Sdn Bhd ("PGSB"), provides energy-saving and smart technology solutions and the trading of such products. The Group has decided to discontinue the operations of PGSB as it has underperformed.

New investments and/or acquisitions

The Group continues to seek investment and acquisition opportunities, particularly in the natural resources sector. The Group is actively looking for meaningful investments and acquisitions that can deliver consistent profits and cash flow as well as growth potential. The Group is currently evaluating and in negotiations to pursue such investments and acquisitions.

The Group will comply with the SGX-ST listing rules and in particular Rule 703, regarding the disclosure of material information and will keep shareholders updated if such negotiations do result in an investment or acquisition.

CORPORATE DEVELOPMENTS

New Board Members

In FY2014, the Group strengthened its Board with the addition of two Members who have the requisite expertise and experience to guide and advise on the Group's evaluation of acquisition and investment opportunities, particularly in the natural resources sector, which include energy, mining and commodities.

On 5 March 2014, Dr Arslan Koichiev was appointed as a Director of the Company. Dr Koichiev holds a Ph. D in History from the Kyrgyz State University. He is a Director of Manas Resources LLC a gold-mining company and headed Manas Coal LLC, and Manas Minerals LLC coal-mining companies in the Kyrgyz Republic. From 2011 to 2012 he was a Country Consultant of Central Asia Resources, London, and a Consultant in Premier Management Holdings, London. He brings with him valuable expertise in gold and coal mining as well as a strong industry network in the Kyrgyz Republic.

On 21 March 2014, Mr Jeremy John Dyer was appointed as a Director of the Company. Born and educated in the United Kingdom, Mr Dyer holds a B.Sc. (Hons) degree in Geology from Manchester University. He has more than 35 years of experience as a Geologist, Consultant and Exploration Manager in USA, Malaysia and Indonesia. Currently, he is also a Director of PT OPAC Barata, a South-East Asian upstream petroleum consulting company providing services related to valuation, exploration, drilling and engineering studies of oil & gas projects. Mr Dyer's decades of experience and connections in the mining and minerals industry will be of strong advantage to the Company.

CHAIRMAN'S STATEMENT

Issue of Rights Shares with Warrants ("Rights Issue")

On 20 June 2014, the Company proposed a Rights Shares cum Warrants Issue as a strategic initiative to strengthen the Group's financial position by increasing the Company's working capital and capital base, and to empower the Group with greater financial strength to capitalise on potential growth and acquisition opportunities.

A total of 931.6 million shares with 465.8 million warrants were issued and the Rights Issue was completed on 11 November 2014. I would particularly like to thank the shareholders who have supported the Rights Issue.

POST-FY2014 REPORTING PERIOD

The following information is provided for shareholders as an important update of significant events after the closing of the FY2014 reporting period.

Joint Venture for the Distribution of Clean Fuel

On 27 February 2015, the Company announced that its subsidiary, Extera Pte Ltd, has entered into an agreement with Aceford Limited and Mr. Liang Gaocheng (梁高成) to establish a Chinese joint venture company in Shandong Province, the People's Republic of China (the "CJV").

The primary business of the CJV is to distribute clean gasoline and diesel produced by Shandong Gaocheng Petroleum Technology Co., Ltd. (山东高成石油科技有限公司) ("Gaocheng Petroleum"). Gaocheng Petroleum under its founder Mr Liang Gaocheng, possesses the proprietary technology to produce the China V standard (equivalent of Euro V emission standard) gasoline and diesel by a process that has zero-carbon emission and costs a fraction of setting up a normal distillation-type refinery. Tests on Gaocheng Petroleum's fuel have also showed fuel consumptions savings of up to 15% when used in vehicles.

This CJV establishes a foothold for the Company to benefit from the immense potential of the clean energy business in China. China's serious concern with air pollution in its cities is exemplified by the various regulatory measures it has undertaken to promote a clean environment ranging from incentives for electric vehicles and other clean energy technologies, to reducing the number of coal-fired power stations, to gradual imposition of stricter emission standards for vehicles. The drive for clean energy is enshrined in China's 12th Five-Year Plan (2011-2015). Euro V emission standards for vehicle gasoline and diesel will become mandatory by end-2017.

Details of this joint venture can be obtained from the Company's announcement on SGX-ST.

MINIMUM TRADING PRICE

I would also like to inform Shareholders that the Singapore Exchange's ("SGX") new rule of setting a minimum trading price ("MTP") of 20 cents for Mainboard-listed companies came into effect on 2 March 2015. Companies will have a year's grace period until 1 March 2016 to comply with this new requirement. After the grace period, companies that cannot meet this new requirement will go on a watchlist for three years, during which their shares will not be eligible for investment under the Central Provident Fund Investment Scheme ("CPFIS"). Meanwhile, companies that fail to comply with the MTP by 28 Feb 2019 will either be delisted or have the option to transfer to the Catalist board, where there is no MTP. In view of the new MTP rule, the Company will make an announcement to update Shareholders on any development when appropriate.

THE YEAR AHEAD

Barring unforeseen developments in the world economy or in the environment of the businesses we are in, I expect Innopac to have a more active business year in FY2015. I am confident that the Board's strategy to build a portfolio of investments and businesses with consistent cash flow as well as growth and capital gain potential will bear fruit and create value for our shareholders.

ACKNOWLEDGEMENTS

I would like to express my heartfelt appreciation to our shareholders, business partners and associates for their support and trust that they have given us. To the staff and management, I would like to thank you for your hard work and dedication that will enable the Company to achieve its goal of creating value for shareholders. Last but not least, I would like to thank my fellow Directors for their invaluable counsel and advice.

Dato' Moehamad Izat Emir
Chairman
8 April 2015

KEY PLAYERS

DIRECTORS' PROFILE

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

Dato' Izat is a prominent Malaysian businessman with extensive business and corporate experiences. In recognition of his vast achievements and public services, he was awarded the Dato' Paduka Mahkota Perak (DPMP) and Ahli Mangku Negara (AMN).

Currently he is the Deputy Chairman of a Bursa Malaysia public listed company, SKB Shutters Corporation Berhad. Dato' is also the Chairman of Emir Group of Companies and Impsa (Malaysia) Sdn Bhd, a hydro power plant company.

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

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

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

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

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

Wong Chin Yong is Managing Director and Chief Executive Officer since 18 September 2001. Mr. Wong is a Business Administration graduate from the University of Singapore. He has more than 30 years experience in financial markets, investment banking, and management. Mr. Wong spent his early career in treasury management with several international banks in Singapore before joining the Monetary Authority of Singapore as a senior officer. He also headed the Singapore branch of a U.S. investment bank in the 1980s. In the 1990s, Mr. Wong was the chief executive of several public-listed companies in Canada, Hong Kong and Malaysia that were engaged in oil & gas exploration, gemstone mining, marketing and distribution.

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

KEY PLAYERS

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

Jeremy Dyer was appointed as director of the Company on 21 March 2014. Born and educated in UK, Mr Dyer holds a B.Sc. (Hons) degree in Geology from the Manchester University. He has more than 35 years experience as a Geologist, Exploration Manager and Consultant spanning between USA, Malaysia and Indonesia. His experience includes exploration management, operating company country management, agent and supplier to oil, gas and mining companies, consultant and adviser to resource and energy companies and suppliers in Malaysia, Indonesia and South East Asia. Currently Mr Dyer is the director and co-founder of PT OPAC Barata, a South East Asian upstream petroleum consulting company specialising in providing services, recruitment, training and personnel in exploration, drilling, reservoir engineering, economics, mining and acreage evaluations and reports. He is also the director of various offshore consulting, oil producing and petroleum services companies including PT Graha Jakarta Cemerlang and Strong Fortress Petroleum Services Sdn Bhd. Previously he was Consultant to YPF-Maxus Southeast Sumatra Inc, Jakarta and British-Borneo Petroleum Syndicate plc, London and held various positions with Sun International Exploration and Production Co, Malaysia, London and Dallas; Superior Oil (UK) Ltd, Cluff Oil plc, Horizon Exploration plc and GSI in London. Since 1992, Mr Dyer has been living in Jakarta and is widely known in the upstream oil and gas business.

KEY EXECUTIVES’ PROFILE

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

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

REPORT ON CORPORATE GOVERNANCE

Innopac Holdings Limited (the "**Company**") is committed to achieving and maintaining a high standard of corporate governance within the Group. The Company is pleased to confirm that it has adhered to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore on 2 May 2012. This report describes the Company's Corporate Governance policies and practices with specific reference made to each of the principles of the Code that were in place for the financial year ended 31 December 2014 ("**FY 2014**").

BOARD MATTERS

The Board's conduct of affairs

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

The Board oversees the Management and the Group's business affairs, sets broad and overall business objectives of the Group, provides guidance to and monitors the performance of Management.

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

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

The Board meets regularly and as warranted during the financial year. Additional meetings may be held to address significant transactions or issues where necessary. Attendance at Board meetings by telephone and video conferencing via audio-visual communication are allowed under the Company's articles of association (the "**Company's Articles**").

Since 4 June 2014, the number of meetings held and the attendance report of the Board and Board Committees are as follows:

Meeting of	Board		Audit Committee		Nominating and Remuneration Committee	
	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended
Dato' Moehamad Izat Emir	6	6	4	4	1	1
Wong Chin Yong[1]	6	6	4	4	1	1
Ong Kah Hock	6	6	4	4	1	1
Arslan Koichiev	6	5	-	-	-	-
Jeremy Dyer	6	6	4	4	-	-

1. *Mr Wong Chin Yong was invited to attend the Audit Committee meetings after he relinquish his membership on 27 June 2014.*

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

REPORT ON CORPORATE GOVERNANCE

The Company does not have a formal training program for new directors. However, the Company ensures that all newly appointed directors are fully apprised of the Group's business strategies, operations and organisation structure as well as Directors' fiduciary responsibilities and obligations. During the financial year reported on, the Board had received updates on regulatory changes to the rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual ("**Listing Manual**") and changes to the accounting standards. The Company is responsible for arranging and funding the training of directors.

Board composition and guidance

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

As at the date of this report, the Board comprises 5 directors, all of whom, except the Chief Executive Officer ("**CEO**"), are independent non-executive directors (including the Chairman) as shown below:

Independent Non-executive Director:
Dato' Moehamad Izat Emir *(Chairman)*
Ong Kah Hock
Arslan Koichiev
Jeremy Dyer

Managing Director and Chief Executive Officer:
Wong Chin Yong

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

In respect of each of the two Non-Executive Independent Directors, namely Dato' Moehamad Izat Emir and Mr Ong Kah Hock having served more than 9 years, the Board has considered their continued independence. The Board has determined that the directors concerned remained independent of character and judgment and there were no factors which were likely to affect, or could appear to affect, the directors' judgment. The Board is satisfied that the independence of character and judgment of each of the directors concerned was not in any way affected or impaired by the length of service and they can continue to discharge their duties objectively. The Board does not consider it to be in the interests of the Company or shareholders to require all directors who have served for long years to retire. The Board prefers continuity and stability.

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

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

Chairman and Chief Executive Officer

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

Board Membership

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

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

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

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

(a) making recommendations to the Board on all board appointments, including re-nomination of directors, having regard to each Director's contribution and performance.

(b) determining annually whether or not a Director is independent;

(c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;

(d) deciding on how the Board's performance may be evaluated and to propose objective criteria for evaluation and assessment of the effectiveness and performance of the Board as a whole and for evaluation and assessment of the contribution by each individual Director to the effectiveness of the Board; and

(e) review of training and professional development programs for the Board.

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

The Company's Articles requires one third of the Board, except the Managing Director, to retire by rotation once every three years at the AGM and shall then be eligible for re-election at the meeting at which he retires. Directors of or over 70 years of age are required to be re-elected every year at the AGM under Section 153(6) of the Companies Act before they can continue to act as a director. In assessing the directors for reappointment, the NC evaluates several criteria including, qualifications, expertise and contributions of the directors before recommending to the Board and Board Committees. Each member of the NC will abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

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

REPORT ON CORPORATE GOVERNANCE

Board of Directors	Board Membership	Date of 1st appointment	Date of last re-election	Audit Committee	Nominating Committee	Remuneration Committee
Dato' Moehamad Izat Emir	Non-executive / Independent	1 Nov 1995	27 Jun 2014	Member	Chairman	Chairman
Wong Chin Yong	Executive / Non-Independent	8 Aug 2001	-	-	Member	Member
Ong Kah Hock	Non-executive/ Independent	31 Aug 2001	29 Apr 2013	Chairman	Member	Member
Arslan Koichiev	Non-executive/ Independent	5 Mar 2014	27 Jun 2014	-	-	-
Jeremy Dyer	Non-executive/ Independent	21 Mar 2014	27 Jun 2014	Member	-	-

Board Performance

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

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

For FY2014, based on the considerations that there are only a few Board members and all have easy access to information and could easily communicate with each Board member and the contributions by Board members in other forms, including periodical reviews and the provision of guidance and advice on various matters relating to the Group, the NC, with the approval from the Board, conducted an informal assessment using the above criteria. The results of assessment were presented to the Board and the key areas for improvement were discussed at the NC meeting. The above criteria will be changed when it is deemed necessary and will be approved by the Board. As an integral element of the process of appointing new Directors, the Chairman may act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek resignation of Directors.

Access To Information

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

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

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

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

REPORT ON CORPORATE GOVERNANCE

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

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

The principal responsibilities of the RC include the following:

(a) reviewing and recommending to the Board for endorsement, a framework for computation of directors' fees of the Board (non-executive directors). For executive directors and other senior management, the framework covers all aspects of executive remuneration and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework;

(b) administering the Innopac Share Option Scheme and Innopac Performance Share Scheme; and

(c) carrying out its duties in the manner that it deems expedient, subject always to any restrictions that may be imposed upon the RC by the Board from time to time.

The RC ensures that a formal and transparent procedure is in place for fixing all aspects of remuneration, including, but not limited to, salaries, allowances, bonuses, options and benefits-in-kind the remuneration package of the executive director, key management executives of the Group and directors' fees for non-executive directors. The RC reviews and recommends to the Board such remuneration packages for endorsement. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration package.

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

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

Level and Mix of Remuneration

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

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

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

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

The purpose of the Schemes is to give the Company the flexibility to foster a greater ownership culture within the Group by aligning more directly the interests of directors and key management executives with the interest of shareholders, and for them to participate and share in the Group's growth and success. Example, Share Options may be granted as a supplement to the remuneration packages for employees while the Share Awards may be granted on successful completion of a project or after pre-determined performance target has been achieved. The RC reviews whether the Executive Director and key management executives should be eligible for benefits under the Share Awards.

REPORT ON CORPORATE GOVERNANCE

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

Disclosure on Remuneration

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

The remuneration of each individual director and CEO on named basis (to the nearest thousand dollars) and the breakdown (in percentage terms) of their remuneration earned for the year ended 31 December 2014 is as follows:–

Name of Director	Basic Salary %	Bonus %	Benefits in kind %	Directors' fees %	Total S$'000
Chief Executive Officer					
Wong Chin Yong	91	8	1	-	482
Independent Directors					
Dato Moehamad Izat Emir	-	-	-	100	45
Ong Kah Hock	-	-	-	100	35
Arslan Koichiev	-	-	-	100	12
Jeremy Dyer	-	-	-	100	17

At the 40th AGM held on 27 June 2014, shareholders approved the payment of up to S$180,000 of directors' fees for the year 2014 for which the final amount to be paid to directors was only S$109,466. The RC has proposed the payment of directors' fees of up to S$140,000 for the financial year ending 31 December 2015 which the Board would table at the forthcoming AGM for shareholders' approval.

The Company has only 2 key executives (who are not directors), and the breakdown of their remuneration in percentage terms for the year ended 31 December 2014 is as follows:–

Name of Key Executives	Basic Salary %	Bonus %	Total %
Below S$250,000			
Jenny Soh Woon Chuen	92	8	100
Stanley Chu Kam Po	92	8	100

There are no termination, retirement and post-employment benefits that may be granted to directors and key executives. The Company has not disclosed exact details of the remuneration of each key executive as it is not in the best interests of the Company and the employees to disclose such details due to the sensitive nature of such information. In aggregate the total remuneration paid to the two key executives (who are not directors) in FY2014 is S$287,805.

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

REPORT ON CORPORATE GOVERNANCE

The Company granted a total of 29,600,000 Share Options to directors and staff under the Schemes on 23 May 2008 with a vesting period of one year. A total of 22,500,000 of the said options were exercised and the rest were forfeited, cancelled or lapsed. There were no outstanding Share Options as at 31 December 2014 (2013: Nil). No Share Options were granted to directors or staff during the financial year.

On 23 January 2014, the Company announced on the SGXNet that it has granted a total of 68,300,000 Share Awards to the directors and staff at S$0.024 per share. The Share Awards, which is the first grant since the PSS scheme was in place, was determined at the discretion of the RC and granted principally on performance-based, incorporating performance targets for directors, senior executives and staff aiming at delivering long-term shareholders' value. Share Awards represent the right to receive fully paid shares, free of charge and will be released to participants when prescribed performance targets have been achieved and within the vesting period. None of the shares award have been vested at the date of this report.

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

The RC has taken into consideration, among other things, (i) the impact to the income statement of the Group, (ii) the share price performance of the Company since January 2014, (iii) and the value of such shares in the hands of the recipients when vested, and have deemed it inappropriate that such share awards be allowed to vest. The RC has decided that these share awards will not vest because the objective of retention of outstanding employees within the Group cannot be achieved if these share awards vest according to its original arrangement. Further details of the Schemes are in the Report of the Directors of this Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

Risk Management and Internal Controls

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

As the Group does not have a risk management committee, the Board, AC and Management assume the responsibility of the risk management function. The Board assisted by the AC undertakes the responsibility to ensure that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. It determines the nature and extent of the significant risks which the Board is willing to take in achieving its objectives.

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

(a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and are in accordance with the relevant accounting standards; and

(b) they have evaluated the effectiveness of the Group's internal controls and have discussed with the Group's external auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data.

During the financial year, the Group's external auditors had reviewed the internal accounting controls that are relevant to their audit. Any non-compliance and recommendation for improvement were reported to the AC who will monitor and ensures that necessary corrective actions are taken on a timely basis.

Based on the internal controls established and maintained by the Group, work performed by the external auditors, and reviews performed by Management and the AC, and the aforementioned assurance provided by the CEO and Group Financial Controller, pursuant to rule 1207(10) of the Listing Manual, the Board, with the concurrence of the AC, have reviewed and are of the opinion that the Company's and Group's internal controls systems, including financial, operational, compliance and information technology controls as well as its risk management systems were appropriate and commensurate with the scale and scope of the businesses and were effective and adequate as at 31 December 2014.

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

Audit Committee

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

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

Ong Kah Hock *Chairman*
Dato' Moehammad Izat Emir *(appointed on 27 June 2014)*
Jeremy Dyer *(appointed on 27 June 2014)*

Note: Prior to his appointment on 27 June 2014, Dato Moehamad Izat Emir, Chairman of the Board of Directors, has sat and participated in all the AC meetings.

REPORT ON CORPORATE GOVERNANCE

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

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

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

The quarterly and full year financial statements and the accompanying announcements are presented to the AC for review to ensure the integrity of information prior to their recommendations to the Board for approvals for their release. During the financial year, the AC reviewed and discussed with the Management:

(a) the scope and results of the audit, including the external auditors' findings, the cost effectiveness, their independence while seeking to balance the maintenance of their objectivity and ability to provide value-for-money professional services;

(b) the three quarterly and full year unaudited results announcements and all related disclosures to shareholders before recommending to the Board for approval;

(c) the adequacy of the internal control procedures of the Company through discussion with Management and its auditors;

(d) the appointment and re-appointment of auditors and the approval of the remuneration and terms of engagement of the auditors; and

(e) the auditors' significant audit observations, together with the Management's responses and actions to correct any deficiencies so that an effective system of control is maintained in the Group.

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

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

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

Internal Audit

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

The Company does not have an internal audit department but review of internal control procedures has been carried out by the AC who is closely monitoring the Group's internal control systems and procedures with the Management.

The AC is satisfied that the internal controls of the Group are adequate. The AC has recommended to the Board to engage an external and independent firm for the internal audit function in FY2015.

REPORT ON CORPORATE GOVERNANCE

Use of Proceeds

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

	2014 Rights Issue S$'000	2013 Share Placement S$'000
General working capital	-	2,514
Business expansion	-	8,438
Invest in investments held for trading	8,983	18,837
Total	**8,983**	**29,789**

The breakdown of usage for general working capital as at 31 December 2014 are as follows.

Payroll and employee expenses	-	1,307
General administrative and service expenses	-	1,100
Listing expenses and corporate matter expenses	-	107
General working capital	**-**	**2,514**

The proceeds from the 2014 rights issue and S$18.8 million from the 2013 share placement have not yet been utilised but have been invested in investments held for trading pending deployment of funds. The rest of the proceeds from the 2013 share placement have been utilised in accordance with the stated purposes.

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

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

The Company's Articles allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings. The Company's general meetings procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. All resolutions, as far as possible, are structured separately and may be voted on independently. Thus all resolutions are single item resolutions as per the agenda items set out in the notice of general meeting.

Communication With Shareholders

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

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

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

REPORT ON CORPORATE GOVERNANCE

As the Company still has accumulated losses as at 31 December 2014 and its current priority is to achieve long-term growth for the benefit of its shareholders, any future profits shall therefore be retained for investment in the future. The Board would consider establishing a dividend policy at the appropriate time.

Conduct Of Shareholder Meetings

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

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

All resolutions are passed at the general meetings by poll and all votes cast for and against each resolution are announced to shareholders immediately at the meeting. The results of the general meeting are released on SGXNet portal on the same day.

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

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

There were no interested person transactions carried out during the financial year 2014 by the Company and its subsidiaries.

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

There were no material contracts entered into by the Company and its subsidiaries during the financial year 2014 which involved the interests of the CEO, any Director or controlling shareholder of the Company.

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

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

On behalf of the Board,

Wong Chin Yong
Managing Director & Chief Executive Officer

Ong Kah Hock
Director

8 April 2015

REPORT OF THE DIRECTORS

For The Financial Year Ended 31 December 2014

The directors present their report to the members together with the audited consolidated financial statements of Innopac Holdings Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2014, and the balance sheet of the Company as at 31 December 2014 and statement of changes in equity of the Company for the year then ended.

1 DIRECTORS

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

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

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

Name of director and corporation in which interest are held	**Holdings at the beginning of the year**	**Holdings at the end of the year**
Dato Moehamad Izat Emir		
Company		
Innopac Holdings Limited		
interests held		
– ordinary shares	5,000,000	5,000,000
Subsidiary		
Awana Rentak Sdn Bhd		
interests held		
– ordinary shares of RM1 each	1*	1*
Wong Chin Yong		
Company		
Innopac Holdings Limited		
Interests held		
– ordinary shares	18,000,000	54,000,000
– warrants	–	18,000,000

REPORT OF THE DIRECTORS

For The Financial Year Ended 31 December 2014

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (Continued)

Name of director and corporation in which interest are held	Holdings at the beginning of the year	Holdings at the end of the year
Subsidiary		
Top-Text Sdn Bhd		
Interests held		
– ordinary shares of RM1 each	9*	9*
Ong Kah Hock		
Company		
Innopac Holdings Limited		
Interests held		
– ordinary shares	2,503,000	7,509,000
– warrants	–	2,503,000

* *held in trust for the Company*

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the directors of the Company state as at 21 January 2015, according to the Register of Directors' shareholdings, the directors' interests in the shares and warrants of the Company have not changed from those disclosed as at 31 December 2014.

4 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit which is disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the notes to the financial statements.

5 SHARE OPTIONS AND SHARE AWARDS SCHEMES

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

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

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

Ong Kah Hock (Independent/Non-Executive)

The Company granted a total of 29,600,000 Share Options to directors and staff under the Schemes on 23 May 2008 with a vesting period of one year. A total of 22,500,000 of the said options were exercised and the rest were forfeited, cancelled or lapsed. There were no outstanding Share Options as at 31 December 2014 (2013: Nil). No Share Options were granted to directors or staff during the financial year.

On 23 January 2014, the Company granted 68,300,000 shares under the PSS. The market price of the Company's shares on the date of the grant was S$0.024. The following shares awards have been granted to the directors:-

Dato Moehamad Izat Emir	12,000,000
Wong Chin Yong	40,000,000
Ong Kah Hock	12,000,000

REPORT OF THE DIRECTORS

For The Financial Year Ended 31 December 2014

5 SHARE OPTIONS AND SHARE AWARDS SCHEMES (Continued)

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

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

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

Holders of the shares shall undertake that they will not sell, realise, dispose of or transfer any part of their shareholdings for a period of three months from the date the shares are allotted and issued to them on the exercise of the options, or vest of the awards. None of the shares awards have been vested at the date of the financial statements.

The RC has taken into consideration, among other things, (i) the impact to the income statement of the Group, (ii) the share price performance of the Company since January 2014, (iii) and the value of such shares in the hands of the recipients when vested, and have deemed it inappropriate that such share awards be allowed to vest. The RC has decided that these share awards will not vest because the objective of retention of outstanding employees within the Group cannot be achieved if these share awards vest according to its original arrangement.

6 AUDIT COMMITTEE

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

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

Dato' Moehamad Izat Emir (Independent/Non-Executive) (with effect from 27 June 2014)

Mr Jeremy Dyer (Independent/Non-Executive) (with effect from 27 June 2014)

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

The AC has held four meetings since the date of the last Report of the Directors and has reviewed the following, where relevant, with the external auditors of the Company:

(a) the audit plans;

(b) the scope and results of the internal control procedures;

(c) evaluation of the system of internal accounting controls;

(d) the Group's financial and operating results and accounting policies;

(e) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditors' report on those financial statements before their submission to the directors of the Company;

(f) the first quarter, half-yearly, third quarter and annual announcements on the results of the Group and financial position of the Group and Company, consolidated statement of cash flows and changes in equity of the Group and Company;

(g) the co-operation and assistance given by the management to the external auditors;

(h) the appointment of the external auditors of the Company.

REPORT OF THE DIRECTORS

For The Financial Year Ended 31 December 2014

6 AUDIT COMMITTEE (Continued)

Based on the internal controls established and maintained by the Group, work performed by the external auditors and Company staff, and reviews performed by management, Board Committees and the Board, with the concurrence of the Audit Committee, after carrying out a review, is of the opinion that the group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2014.

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

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

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

7 OPTIONS GRANTED

During the financial year, no option to take up unissued shares of the Company and its subsidiaries have been granted.

8 INDEPENDENT AUDITORS

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

On behalf of the directors,

....	....
WONG CHIN YONG	ONG KAH HOCK

Singapore
8 April 2015

STATEMENT BY DIRECTORS

For The Financial Year Ended 31 December 2014

In the opinion of the directors:

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the directors,

....

WONG CHIN YONG ONG KAH HOCK

Singapore
8 April 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INNOPAC HOLDINGS LIMITED

1 We were engaged to audit the accompanying financial statements of Innopac Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), as set out on pages 26 to 88, which comprise the balance sheets of the Group and the Company as at 31 December 2014 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3 Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

<u>Impairment of Cost of Investment and Goodwill</u>

4 As at 31 December 2014, included in the Company's balance sheet is a cost of investment in a subsidiary, Extera Pte Ltd ("Extera") of S$17,100,000 (Note 10) and included in the consolidated balance sheet is goodwill arising from the acquisition of Extera of S$13,709,000 (Note 11). As disclosed in Note 11, the management has prepared a discounted cash flow ("Forecasts") to determine the recoverable amount of the Company's cost of investment in the subsidiary of S$17,100,000 and the Group's goodwill of S$13,709,000 and was of the view that no impairment was necessary.

5 As at the date of this report, we were unable to obtain sufficient information from management or obtain other forms of audit evidence concerning the reasonableness of the key assumptions made in the Forecasts. There were no practicable alternative audit procedures that we could carry out to ascertain the reasonableness of those key assumptions used in the Forecasts and to satisfy ourselves that no impairment loss is required for the Company's cost of investment in the subsidiary of S$17,100,000 included in the Company's balance sheet and the Group's goodwill of S$13,709,000 included in the consolidated balance sheet as at 31 December 2014. Any adjustments to these amounts may have a significant consequential effect on the financial position of the Company and the Group as at 31 December 2014 and the results of the Group for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INNOPAC HOLDINGS LIMITED

Basis for Disclaimer of Opinion (cont'd)

Impairment of Trade Receivables

6 As disclosed in Note 19 to the financial statements, the Company and Group have a net trade receivables of S$30,855,000 (included in Note 20) arising from the sale of certain marketable securities of which the counterparty had provided collaterals as part of the sale and purchase agreement. As at 31 December 2014, the Company and Group made an impairment loss of S$26,653,000. Management is of the opinion that no further impairment is required.

7 As at the date of this report, we were unable to obtain sufficient appropriate audit evidence regarding the reasonableness of the assumptions used to estimate the impairment loss of S$26,653,000 made in the consolidated statement of comprehensive income, nor were we able to carry out normal audit procedures to satisfy ourselves as to the appropriateness of the net trade receivable of S$30,855,000 in the balance sheets of the Company and the Group as at 31 December 2014. Any adjustments to these amounts may have a significant consequential effect on the financial position of the Company and the Group as at 31 December 2014 and the results of the Group for the financial year then ended.

Disclaimer of Opinion

8 Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs 4 to 7, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

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

Moore Stephens LLP

Public Accountants and
Chartered Accountants

Singapore
8 April 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2014

	Note	Group 2014	Group 2013
		S$'000	S$'000
Revenue	4	**825**	10,761
Cost of sales		**(1,316)**	(14,378)
Gross (loss)		**(491)**	(3,617)
Other operating (expenses)/income			
– Net losses from investment trading activities	5	**(9,966)**	(62,933)
– Net losses from derivative instruments and other assets/liabilities	5	**(2,301)**	(12,236)
– Net gain on derivative receivables	5	**36,906**	27,801
– Gains from disposal of investment in associate	5	**–**	2
Administrative expenses		**(1,605)**	(1,417)
Other expenses		**(28,369)**	(2,107)
Finance costs		**(5)**	(5)
Share of loss of associate, net of tax		**–**	(2)
Loss before income tax	6	**(5,831)**	(54,514)
Income tax credit / (expenses)	7	**40**	(21)
Loss for the financial year		**(5,791)**	(54,535)
Other comprehensive income, net of tax	8		
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**67**	246
Total comprehensive loss for the financial year		**(5,724)**	(54,289)
Loss attributable to:			
Owners of the Company		**(5,405)**	(54,535)
Non-controlling interests		**(386)**	–*
		(5,791)	(54,535)
Total comprehensive loss attributable to:			
Owners of the Company		**(5,338)**	(54,289)
Non-controlling interests		**(386)**	–*
		(5,724)	(54,289)
Loss per share attributable to owners of the Company		**Cents**	Cents
Basic	9	**(0.16)**	(1.82)
Diluted	9	**(0.16)**	(1.82)

* *Below $1,000. Applicable to two (2) subsidiaries.*

The accompanying notes form an integral part of the financial statements

BALANCE SHEETS

As at 31 December 2014

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		S$'000	S$'000	**S$'000**	S$'000
ASSETS					
Non-Current Assets					
Subsidiaries	10	**–**	–	**24,504**	24,504
Goodwill	11	**13,709**	13,709	**–**	–
Property, plant and equipment	12	**144**	902	**32**	34
Investment property	13	**11,803**	13,376	**–**	–
Land use rights	14	**–**	3,053	**–**	–
Available-for-sale investments	15	**6,142**	6,142	**6,142**	6,142
		31,798	37,182	**30,678**	30,680
Current Assets					
Inventories	16	**9**	13	**–**	–
Derivative receivables and other assets	17	**10**	20,723	**2**	20,629
Investments held for trading	18	**7,066**	12,478	**6,330**	6,257
Trade receivables	20	**30,856**	–	**30,855**	–
Other receivables and prepayments	21	**743**	1,318	**1,726**	1,972
Cash and cash equivalents	22	**5,164**	2,751	**3,148**	139
		43,848	37,283	**42,061**	28,997
Assets classified as held for sale	23	**5,112**	–	**–**	–
		48,960	37,283	**42,061**	28,997
TOTAL ASSETS		**80,758**	74,465	**72,739**	59,677
LIABILITIES AND EQUITY					
Non-Current Liabilities					
Finance lease liabilities	24	**21**	72	**–**	–
Deferred tax liabilities	25	**428**	468	**–**	–
		449	540	**–**	–
Current Liabilities					
Trade and other payables	26	**2,889**	3,675	**8,365**	8,220
Derivative payables and other liabilities	27	**9,491**	8,374	**–**	7
Provision for director fees	28	**196**	87	**196**	87
Finance lease liabilities	24	**51**	51	**–**	–
		12,627	12,187	**8,561**	8,314
Liabilities directly associated with assets classified as held for sale	23	**2,685**	–	**–**	–
		15,312	12,187	**8,561**	8,314
Equity and Reserves					
Share capital	30	**121,571**	112,588	**121,571**	112,588
Asset revaluation reserve	31	**3,046**	3,046	**–**	–
Share options reserve	32	**546**	546	**546**	546
Foreign currency translation reserve	33	**848**	781	**–**	–
Accumulated losses		**(61,765)**	(56,360)	**(57,939)**	(61,771)
Equity attributable to owners of the Company		**64,246**	60,601	**64,178**	51,363
Non-controlling interests		**751**	1,137	**–**	–
Total equity		**64,997**	61,738	**64,178**	51,363
TOTAL LIABILITIES AND EQUITY		**80,758**	74,465	**72,739**	59,677

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2014

	Note	Share capital	Share options reserve	Foreign currency translation reserve	Accumulated losses	Asset revaluation reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		← Attributable to owners of the Company					→		
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group									
Balance as at 1 January 2014		112,588	546	781	(56,360)	3,046	60,601	1,137	61,738
Loss for the financial year		–	–	–	(5,405)	–	(5,405)	(386)	(5,791)
Other comprehensive income:									
Exchange differences on translating foreign operations		–	–	67	–	–	67	–	67
Total other comprehensive income for the financial year, net of tax		–	–	67	–	–	67	–	67
Total comprehensive income/(loss) for the financial year		–	–	67	(5,405)	–	(5,338)	(386)	(5,724)
Contributions by owners:									
Proceeds from issuance of placement shares	30	9,316	–	–	–	–	9,316	–	9,316
Share issue expenses	30	(333)	–	–	–	–	(333)	–	(333)
Balance at 31 December 2014		121,571	546	848	(61,765)	3,046	64,246	751	64,997

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2014

	Note	Share capital	Share options reserve	Foreign currency translation reserve	Accumulated losses	Asset revaluation reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
		← Attributable to owners of the Company					→		
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group									
Balance as at 1 January 2013		69,671	546	535	(1,880)	1,353	70,225	–*	70,225
Loss for the financial year		–	–	–	(54,535)	–	(54,535)	–	(54,535)
Other comprehensive income:									
Exchange differences on translating foreign operations		–	–	246	–	–	246	–	246
Total other comprehensive income for the financial year, net of tax		–	–	246	–	–	246	–	246
Total comprehensive income/(loss) for the financial year		–	–	246	(54,535)	–	(54,289)	–	(54,289)
Contributions by owners:									
Proceeds from issuance of placement shares	30	30,800	–	–	–	–	30,800	–	30,800
Share issue expenses	30	(1,011)	–	–	–	–	(1,011)	–	(1,011)
Issue of ordinary shares related to:									
– Acquisition of investment properties	30	3,103	–	–	–	–	3,103	–	3,103
– Issue of shares for acquisition of equity interest of subsidiary	30	9,900	–	–	–	–	9,900	–	9,900
– Exercise of share options	30	125	–	–	–	–	125	–	125
Additional non-controlling interests arising on the acquisition of subsidiary		–	–	–	–	–	–	1,137	1,137
Reclassification of deferred tax liability		–	–	–	55	1,693	1,748	–	1,748
Balance as at 31 December 2013		112,588	546	781	(56,360)	3,046	60,601	1,137	61,738

* *Below $1,000. Applicable to two (2) subsidiaries.*

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2014

	Note	Share capital	Share options reserve	Accumulated losses	Total
		S$'000	**S$'000**	**S$'000**	**S$'000**
Company					
Balance as at 1 January 2014		112,588	546	(61,771)	51,363
Profit for the financial year		–	–	3,832	3,832
Other comprehensive income for the financial year		–	–	–	–
Total comprehensive income for the financial year		–	–	3,832	3,832
Contributions by owners					
Proceeds from issuance of placement shares	30	9,316	–	–	9,316
Share issue expenses	30	(333)	–	–	(333)
Balance as at 31 December 2014		121,571	546	(57,939)	64,178
Balance as at 1 January 2013		69,671	546	(28,506)	41,711
Loss for the financial year		–	–	(33,265)	(33,265)
Other comprehensive income for the financial year		–	–	–	–
Total comprehensive loss for the financial year		–	–	(33,265)	(33,265)
Contributions by owners					
Proceeds from issuance of placement shares	30	30,800	–	–	30,800
Share issue expenses	30	(1,011)	–	–	(1,011)
Issue of ordinary shares related to:					
– Acquisition of investment properties	30	3,103	–	–	3,103
– Issue of shares for acquisition of equity interest of subsidiary	30	9,900	–	–	9,900
– Exercise of share options	30	125	–	–	125
Balance as at 31 December 2013		112,588	546	(61,771)	51,363

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2014

	Group	
	2014	2013
	S$'000	S$'000
Cash Flows from Operating Activities		
Loss before income tax	**(5,831)**	(54,514)
Adjustments for:		
Fair value loss/(gain) on investment property	**442**	(1)
Impairment loss on property, plant and equipment	**22**	–
Provision for unutilised leave	**52**	39
Net losses from derivative instruments and other assets/liabilities	**2,301**	12,236
Net gain on derivative receivables	**(36,906)**	(27,801)
Net losses from investments held for trading	**9,966**	62,933
Impairment loss on trade receivables	**26,653**	–
Write off of property, plant and equipment	**15**	21
Write off of inventories	**2**	10
Loss on disposal of property, plant and equipment	**4**	–
Gains from disposal of investment in associate	**–**	(2)
Depreciation of property, plant and equipment	**271**	99
Write off of other debtor, deposit and prepayment	**213**	13
Reversal for doubtful trade and other receivables	**–**	(118)
Directors fees	**109**	87
Trade and other creditors written back	**–**	(17)
Share of loss of associate	**–**	2
Finance costs	**5**	5
Operating cash outflows before working capital changes	**(2,682)**	(7,008)
Investments held for trading	**(4,554)**	(18,383)
Derivative receivables and other assets	**–**	(2,882)
Inventories	**(69)**	(10)
Trade and other receivables and prepayments	**(435)**	(176)
Derivative payables and other liabilities	**228**	(162)
Trade and other payables	**545**	(1,214)
Cash used in operations	**(6,967)**	(29,835)
Interest paid	**(5)**	(5)
Net cash used in operating activities	**(6,972)**	(29,840)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2014

	Group	
	2014	2013
	S$'000	S$'000
Cash Flows from Investing Activities:		
Purchase of property, plant and equipment	**(74)**	(52)
Proceeds from sale of property, plant and equipment	**2**	2
Proceeds from sale of investment property	**525**	–
Proceeds from disposal of associate	**–**	4
Net cash inflow on acquisition of subsidiary	**–**	2,542
Net cash generated from investing activities	**453**	2,496
Cash Flows from Financing Activities:		
Repayment of finance lease	**(51)**	(51)
Net proceeds from rights issue/placement of shares	**8,983**	29,789
Proceeds from exercise of share options	**–**	125
Net cash generated from financing activities	**8,932**	29,863
Net increase in cash and cash equivalents	**2,413**	2,519
Cash and cash equivalents at the beginning of the financial year	**2,751**	232
Cash and cash equivalents at the end of the financial year (Note 22)	**5,164**	2,751

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

1 GENERAL

Innopac Holdings Limited (the "Company") (Registration No. 197301788K) is a public limited liability company incorporated and domiciled in Singapore with its principal place of business and registered office at 190 Middle Road #19-07 Fortune Centre Singapore 188979. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those of investment, investment holding and provision of management services to related companies. The principal activities of its subsidiaries are stated in Note 10 to the financial statements.

The financial statements for the financial year ended 31 December 2014 were authorised for issue by the Board of Directors on the date of the Statement by Directors.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

(i) Adoption of New/Revised FRS

The accounting policies adopted are consistent with those of the previous year except in the current year, the Group and the Company adopted the following standards that are mandatory for annual financial periods beginning on or after 1 January 2014 as discussed below.

Description		**Effective for annual periods beginning on or after**
FRS 27 (Revised)	*Separate Financial Statements*	1 January 2014
Amendments to FRS 36	*Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
FRS 110	*Consolidated Financial Statements*	1 January 2014
FRS 112	*Disclosure of Interests in Other Entities*	1 January 2014

<u>FRS 27 (Revised) *Separate Financial Statements*</u>

FRS 27 (Revised) will now solely address separate financial statements, the requirements for which are substantially unchanged.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation *(Continued)*

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

As this is disclosure standard, the adoption of the revised standard did not have an impact on the financial performance or the financial position of the Group and the Company when implemented.

Amendments to FRS 36 *Recoverable Amount Disclosure for Non-financial Assets*

The amendments to FRS 36 restricts the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to periods in which an impairment loss has been recognise or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. As this is a disclosure standard, it did not have any material impact on the financial performance or the financial position of the Group and the Company when implemented.

FRS 110 *Consolidated Financial Statements*

FRS 110 supersedes FRS 27 *Consolidated and Separate Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities.* The standard changes the definition of control and applies it to all investees to determine the scope of consolidation. FRS 110 requirements apply to all types of potential subsidiary. It requires an investor to reassess the decision whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control, i.e. power, variable returns and the ability to use power to affect returns. The adoption of this standard did not have any material impact on the financial performance or the financial position of the Group and the Company when implemented.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. FRS 112 specifies minimum disclosures that an entity must provide. It requires an entity to provide summarised financial information about the assets, liabilities, profit or loss and cash flows of each subsidiary that has non-controlling interests that are material to the reporting entity. As this is a disclosure standard, it did not have any material impact on the financial performance or the financial position of the Group and the Company when implemented.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation *(Continued)*

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

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

Description		**Effective for annual periods beginning on or after**
Improvements to FRSs (January 2014)		
FRS 102	*Share-based Payment*	1 July 2014
FRS 103	*Business Combinations (with consequential amendments to other standards)*	1 July 2014
FRS 108	*Operating Segments*	1 July 2014
Improvements to FRSs (February 2014)		
FRS 24	*Related Party Disclosures*	1 July 2014
FRS 103	*Business Combinations*	1 July 2014
FRS 113	*Fair Value Measurement*	1 July 2014
FRS 40	*Investment Property*	1 July 2014
FRS 115	*Revenue from Contracts with Customers*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018

With the exception of FRS 115 and FRS 109 which the Group and the Company are currently evaluating, 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.

Amendment to FRS 102 *Share-based Payment*

The amendment clarifies the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies how to distinguish between a market and non-market performance condition and the basis on which a performance condition can be differentiated from a non-vesting condition.

Amendment to FRS 102 *Share-based Payment* is effective prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014.

Amendment to FRS 103 *Business Combinations* (Accounting for contingent consideration in a business combination)

The amendments clarify that contingent consideration in a business combination that is not classified as equity should be measured at fair value through profit and loss at each reporting date, regardless of whether the contingent consideration is within the scope of FRS 39. Changes in fair value, other than measurement period adjustments, are recognised in profit or loss. Consequential amendments were made to FRS 37 and FRS 39.

Amendment to FRS 103 *Business Combinations* is effective prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation *(Continued)*

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

Amendment to FRS 108 *Operating Segments*

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

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

Amendment to FRS 108 *Operating Segments* is effective for annual periods beginning on or after 1 July 2014 retrospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

Amendments to FRS 24 *Related Party Disclosures*

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

Amendment to FRS 24 *Related Party Disclosures* is effective for annual periods beginning on or after 1 July 2014 retrospectively in accordance with FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

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

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

Amendment to FRS 103 *Business Combinations* is effective prospectively for annual periods beginning on or after 1 July 2014.

Amendment to FRS 113 *Fair Value Measurement*

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

Amendment to FRS 113 *Fair Value Measurement* is effective prospectively for annual periods beginning on or after 1 July 2014.

Amendment to FRS 40 *Investment Property*

This amendment clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in FRS 103 *Business Combinations* and investment property as defined in FRS 40 *Investment Property* requires the separate application of both standards independently of each other.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Preparation *(Continued)*

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

Amendment to FRS 40 *Investment Property* *(Continued)*

Amendment to FRS 40 *Investment Property* is effective prospectively to acquisition of investment property in periods commencing on or after 1 July 2014.

FRS 115 *Revenue from Contracts with Customers*

FRS 115, published in November 2014, establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts;
- Identification of the performance obligations in the contract;
- Determination of the transaction prices;
- Allocation of the transaction price to the performance obligation; and
- Recognition of revenue when (or as) an entity satisfies a performance obligation.

FRS 115 will replace the existing revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and INT FRS 113 *Customer Loyalty Programs*.

FRS 115 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39.

FRS 109 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

(b) Basis of Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when they have power over the entity and when they are exposed to, or have rights to, variable returns from its involvement with the entity, and have the ability to use their power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation *(Continued)*

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

Change in ownership interests in subsidiaries without change of control

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Consolidation *(Continued)*

Disposal of subsidiaries

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

(c) Investment in Subsidiaries

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

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

(d) Property, Plant and Equipment

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment Property

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

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

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

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

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

(f) Impairment of Non-financial Assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

(g) Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments *(Continued)*

Effective interest method

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

Financial assets

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

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

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

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

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

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

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

Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments *(Continued)*

Available-for-sale investments

Certain financial assets held by the Group and the Company are classified as available-for-sale investments if they are not classified in any of the other categories. Available-for-sale investments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Impairment of financial assets

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

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

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

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

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

De-recognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments *(Continued)*

Equity instruments

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

Financial liabilities

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

Other financial liabilities

Trade and other payables

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

De-recognition of financial liabilities

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

Derivative receivables/payables and other assets/liabilities

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

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

(h) Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Goodwill *(Continued)*

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

(i) Inventories

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

(j) Cash and Cash Equivalents

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

(k) Leases

Finance leases

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

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

Operating leases

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

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

(l) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions *(Continued)*

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

(m) Share-Based Payments

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

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

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

(n) Warrants

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

(o) Revenue Recognition

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

Sale of investments held for trading

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Revenue Recognition *(Continued)*

Sale of goods

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

Rendering of services

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

(p) Retirement Benefit Costs

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

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

(q) Employee Leave Entitlement

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

(r) Income Tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Income Tax *(Continued)*

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of financial year.

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

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

(s) Foreign Currency Transactions and Translation

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Foreign Currency Transactions and Translation *(Continued)*

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

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

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

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

(t) Borrowing Costs

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

(u) Segment Reporting

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

(a) Critical Judgements made in Applying the Accounting Policies

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

(i) Impairment of investments in subsidiaries

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

During the financial year, the Company made an allowance for impairment of S$Nil (2013: S$1,000) for its investments in subsidiaries. The Company's carrying amount of investments in subsidiaries as at 31 December 2014 was S$24,504,000 (2013: S$24,504,000).

(ii) Allowance for impairment of trade and other receivables

The policy for impairment of debts of the Group and the Company are based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past payment history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group and the Company's trade and other receivables as at 31 December 2014 were S$31,507,000 (2013: S$675,000) and S$32,536,000 (2013: S$1,633,000) respectively. The related impairment allowance is disclosed in Notes 20 and 21.

(b) Key Sources of Estimation Uncertainty

(i) Impairment of goodwill

The Group performs impairment tests on goodwill on an annual basis, in accordance with the accounting policy stated in Note 2(h). The recoverable amounts of the cash-generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and expected changes in the market information that the cash-generating unit operates. The growth and discount rates are based on industry forecasts. As at 31 December 2014, there is no impairment loss recognised in the financial statements and the carrying amount of goodwill is S$13,709,000 (2013: S$13,709,000) (Note 11).

If the discount rate used in estimated future cash flows for the cash-generating unit is increased/(decreased) by 1% compared to management's estimates, the net present value remains above the current book value and there would be no impact on the Group's results for the financial year ended 31 December 2014.

(ii) Impairment of available-for-sale investments

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

(b) Key Sources of Estimation Uncertainty (Continued)

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

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

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

The Group and the Company have used the "lot/home value ratio method" valuation for the 60 finished lots of land in Sawyer Falls carried out by an independent valuer on 1 February 2013. The valuation compares the average lot values as a percentage of the average home value. The valuation conforms to International Valuation Standards. During the financial year ended 31 December 2014, by using recent sales transaction records of adjacent finished land lots situated at Sawyers Falls, the Group and the Company have considered and determined that the estimated fair value approximates its carrying amount of S$4,600,000 as at 31 December 2014 (2013: S$4,600,000).

If the fair value for the Group's interest in the 60 finished lots of land decrease by 5%, the effects on other comprehensive income would be approximately S$230,000 (2013: S$230,000).

Investment in Trackplus

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

Trackplus is a special purpose vehicle company and its only significant asset is a piece of land with a fair value of approximately S$6,541,000 [equivalent to RM 17,300,000] (2013: S$5,977,000 [equivalent to RM15,500,000]). The valuation of the land was carried out by an independent registered valuer on 18 December 2014. The open market valuation method used is based on the available records on recent transactions of comparable properties in the locality. The carrying amount of the Company's investment in Trackplus was S$1.5 million as at the end of December 2014 (2013: S$1.5 million). There will be no impact (2013: Nil) on the loss before income tax if the fair value for the land changes by 5% as the carrying value of Trackplus is lower than the Company's share of the fair value of the land.

(iii) Valuation of investment properties

The valuation of the Tanjong Malim Land in Malaysia was carried out by an independent registered valuer. The valuation report issued by the independent valuer dated 7 January 2015 confirms that the land's market value as at 31 December 2014 was approximately S$8,318,000 (2013: S$8,483,000 [equivalent to RM22,000,000 for both years]). The Comparison Method of valuation is used which compares the value of a property by comparing it to the prices of like-kind properties sold in similar locations within a recent period of time. The fair value of the investment property is further discussed in Note 13.

If the fair value for the Group's interest in the Tanjong Malim land falls by 5%, the effects on loss before income tax would increase by S$416,000 (2013: S$424,000).

NOTES TO THE FINANCIAL STATEMENTS

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4 REVENUE

	Group	
	2014	2013
	S$'000	S$'000
Sale of investments held for trading	**336**	10,753
Sale of goods	**489**	1
Rendering of services	**–**	7
	825	10,761

5 OTHER OPERATING (EXPENSES)/INCOME

	Group	
	2014	2013
	S$'000	S$'000
Net losses from investment trading activities (Note 18)	**(9,966)**	(62,933)
Net losses from derivative instruments and other assets/liabilities	**(2,301)**	(12,236)
Net gain on derivative receivables (Note 19)	**36,906**	27,801
Gains from disposal of investment in associate	**–**	2
	24,639	(47,366)

NOTES TO THE FINANCIAL STATEMENTS

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6 LOSS BEFORE INCOME TAX

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group's loss before income tax is arrived at after charging/(crediting) the following:

	Group	
	2014	2013
	S$'000	S$'000
Cost of sales		
Cost of inventories recognised as cost of sales	**383**	1
Cost of marketable securities sold	**720**	14,351
Administrative expenses		
Directors' remuneration other than fees:		
– Directors of the Company	**531**	474
– Directors of the subsidiary	**19**	13
Directors' fees	**109**	87
Audit fees		
– Auditors of the Company	**112**	65
– Other auditors	**46**	30
– Non-audit fee	**–**	–
Employee benefit expense (excluding directors' remuneration)	**731**	670
Costs of defined contribution plans included in staff costs:		
– Directors	**8**	6
– Other employees	**62**	68
Other expenses		
Depreciation of property, plant and equipment	**271**	99
Loss on disposal of property, plant and equipment	**4**	–
Impairment loss of property, plant and equipment	**22**	–
Fair value loss/(gain) on investment properties	**442**	(1)
Write off of other debtor, deposits and prepayments	**213**	13
Write off of inventories	**2**	10
Write off of property, plant and equipment	**15**	21
Professional fees	**62**	86
Rental expense – operating leases	**162**	127
Rental expense – Land	**10**	–
Transportation and travel	**150**	130
Trade and other creditors written back	**–**	(17)
Impairment loss on trade receivables	**26,653**	–
Reversal of impairment loss for other receivables	**–**	(118)

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7 INCOME TAX

	Group	
	2014	2013
	S$'000	S$'000
Income tax – Current year	**–**	–
Deferred tax – (Reversed from)/Transferred to deferred tax liabilities (Note 25)	**(40)**	21
Income tax (credit)/expense	**(40)**	21

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

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

	Group	
	2014	2013
	S$'000	S$'000
Loss before income tax	**(5,831)**	(54,514)
Income tax calculated at Singapore statutory tax rate	**(991)**	(9,267)
Tax effect of non-deductible expenses	**187**	1,487
Tax effect of (gains)/losses of investments held for trading and derivative instruments	**(4,176)**	1,562
Effect of different tax rates of overseas subsidiaries	**(98)**	(101)
Movement in unrecognised deferred tax assets	**5,038**	6,340
	(40)	21

As at 31 December 2014, the Group has unutilised tax losses amounting to approximately S$90,720,000 (2013: S$61,084,000) and unutilised capital allowances amounting to approximately S$1,386,000 (2013: S$1,386,000) available for offset against future profits subject to the relevant tax authorities. The deferred tax benefit relating to these unutilised tax losses and unutilised capital allowances of approximately S$15,658,000 (2013: S$10,620,000) has not been recognised in the financial statements as the Group cannot be certain that there will be taxable profit in the future to utilise this tax benefit. The tax losses may be carried indefinitely subject to the conditions imposed by the relevant tax regulations.

8 OTHER COMPREHENSIVE INCOME

	Group					
	2014			2013		
	Before tax amount $'000	**Tax expense $'000**	**Net of tax amount $'000**	Before tax amount $'000	Tax expense $'000	Net of tax amount $'000
Exchange differences on translation of foreign operations	**89**	**(22)**	**67**	328	(82)	246

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9 LOSS PER SHARE

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

Basic loss per share is calculated as follows:

	Group	
	2014	2013
Loss attributable to owners of the Company	**(S$5,791,000)**	(S$54,535,000)
Weighted average number of ordinary shares	**3,595,346,742**	2,997,908,071
Basic loss per share	**(0.16) cents**	(1.82) cents

Diluted loss per share is calculated based on the weighted average number of ordinary shares adjusted for the effects of all dilutive potential ordinary shares. Shares awards of 68,300,000 granted in 2014 (2013: nil) and 465,783,822 warrants issued in 2014 (2013: nil) were excluded from the calculation of the diluted weighted average number of ordinary shares, as their effects are anti-dilutive.

The loss per share on a fully diluted basis is calculated as follows:

	Group	
	2014	2013
Loss attributable to owners of the Company	**(S$5,791,000)**	(S$54,535,000)
Weighted average number of ordinary shares	**3,595,346,742**	2,999,825,879
Diluted loss per share	**(0.16) cents**	(1.82) cents

10 SUBSIDIARIES

	Company	
	2014	2013
	S$'000	S$'000
Unquoted equity shares	**27,866**	27,866
Less: Allowance for impairment loss	**(3,362)**	(3,362)
	24,504	24,504

Movement in unquoted equity shares:

	Company	
	2014	2013
	S$'000	S$'000
Balance as at 1 January	**27,866**	10,766
Acquisition/Incorporation of subsidiaries	**–**	17,100*
Balance as at 31 December	**27,866**	27,866

* *Cost of investment in Extera*

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

10 SUBSIDIARIES (Continued)

Movement in allowance for impairment loss are as follows:

	Company	
	2014	2013
	S$'000	S$'000
Balance as at 1 January	**(3,362)**	(3,361)
Provision of impairment during the year	**–**	(1)
Balance as at 31 December	**(3,362)**	(3,362)

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

NOTES TO THE FINANCIAL STATEMENTS

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10 SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows:

Name of Subsidiary/ country of incorporation	Principal activities	Group's effective equity interest 2014 %	2013 %
Held by the Company			
Awana Rentak Sdn Bhd[a] ("ARSB") Malaysia	Investment holding	**100.0**	100.0
Enigma Venture (M) Sdn Bhd[a] Malaysia	Investment holding	**100.0**	100.0
Heritage Investment Corporation[b] British Virgin Islands	Investment holding and investment trading	**100.0**	100.0
Golden Eagle Mining Pte Ltd (Formerly known as Ideal Forex Pte Ltd)[c] Singapore	Dormant	**100.0**	100.0
Inno-Pacific Realty Sdn Bhd[a] Malaysia	Investment property holding	**100.0**	100.0
Jadensworth Holdings Pte Ltd Singapore	Investment holding and investment trading	**100.0**	100.0
PG Communications Pte Ltd Singapore	Telecommunication service provider	**100.0**	100.0
Shakey's Holdings Pte Ltd[c] Singapore	Dormant	**88.9**	88.9
Top-Text Sdn Bhd[d] Malaysia	Dormant	**90.0**	90.0
Wang Da Investments Limited[b] British Virgin Islands	Investment holding and investment trading	**100.0**	100.0
Extera Pte Ltd Singapore	Energy and fuel distribution	**81.8**	81.8

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10 SUBSIDIARIES (Continued)

Name of Subsidiary/ country of incorporation	Principal activities	Group's effective equity interest	
		2014	2013
Held by Extera Pte Ltd			
Dezhou Sheng Rong Gas Co. Ltd. (德州胜荣燃气有限公司)[(e)], People's Republic of China	Energy and fuel distribution including compressed natural gas ("CNG") service provider	**73.6**	73.6
Held by PG Communications Pte Ltd			
PG Communications Sdn Bhd[(a)] Malaysia	Technology and trading	**100.0**	100.0
Held by Inno-Pacific Realty Sdn Bhd			
Megan Midas Sdn Bhd[(a)] Malaysia	Investment property holding	**100.0**	100.0

Notes on subsidiaries:

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

(a) Audited by Moore Stephens Associates & Co, Chartered Accountants, Malaysia.

(b) No audit requirement in the country of incorporation. Audited by Moore Stephens LLP for consolidation purposes.

(c) Both companies are dormant and exempted from audit under Section 205B of the Companies Act.

(d) These subsidiaries are dormant. No audit is required in the country of incorporation.

(e) Audited by 德州信合有限责任会计师事务所, People's Republic of China. Audited by Moore Stephens LLP for consolidation purposes.

Interest in subsidiaries with material non-controlling interests

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

Name of Subsidiary/ country of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
	2014	2013	**2014**	2013	**2014**	2013
	%	%	**S$'000**	S$'000	**S$'000**	S$'000
Dezhou Sheng Rong Gas Co. Ltd. (德州胜荣燃气有限公司) People's Republic of China	**10.0**	10.0	**143**	–	**38**	181
Extera Pte Ltd Singapore	**18.2**	18.2	**243**	–	**713**	956
			386	–	**751**	1,137

NOTES TO THE FINANCIAL STATEMENTS

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10 SUBSIDIARIES (Continued)

Interest in subsidiaries with material non-controlling interests (cont'd)

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

Dezhou Sheng Rong Gas Co. Ltd.("Sheng Rong")

	2014	2013
	S$'000	S$'000
Current assets	7,432	2,935
Non-current assets	–	4,613
Current liabilities	(6,095)	(5,626)
Equity attributable to owners of the Company	1,211	1,741
Non-controlling interests	126	181

Extera Pte Ltd ("Extera")

	2014	2013
	S$'000	S$'000
Current assets	637	524
Non-current assets	3,783	4,730
Current liabilities	(38)	(5)
Equity attributable to owners of the Company	3,585	4,295
Non-controlling interests	797	954

Sheng Rong

	2014	2013
	S$'000	S$'000
Revenue	485	–
Expenses	(1,085)	–
Loss for the year	(600)	–
Loss attributable to owners of the Company	(543)	–
Loss attributable to the non-controlling interests	(57)	–
Total comprehensive loss for the year	(600)	–
Total comprehensive loss attributable to owners of the Company	(543)	–
Total comprehensive loss attributable to the non-controlling interests	(57)	–
Dividends paid to non-controlling interests	–	–
Net cash outflow from operating activities	(212)	–
Net cash outflow from investing activities	(181)	–
Net cash inflow from financing activities	–	–
Net cash outflow	(393)	–

NOTES TO THE FINANCIAL STATEMENTS

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10 SUBSIDIARIES (Continued)

Interest in subsidiaries with material non-controlling interests (cont'd)

Extera

	2014	2013
	S$'000	S$'000
Revenue	**–**	–
Expenses	**(867)**	–
Loss for the year	**(867)**	–
Loss attributable to owners of the Company	**(709)**	–
Loss attributable to the non-controlling interests	**(158)**	–
Total comprehensive loss for the year	**(867)**	–
Total comprehensive loss attributable to owners of the Company	**(709)**	–
Total comprehensive loss attributable to the non-controlling interests	**(158)**	–
Dividends paid to non-controlling interests	**–**	–
Net cash inflow from operating activities	**53**	–
Net cash outflow from investing activities	**(49)**	–
Net cash inflow from financing activities	**–**	–
Net cash outflow	**(4)**	–

11 GOODWILL

The Company has provisionally determined and recognised goodwill of S$13,709,000 as the excess of the value of the purchase consideration over the value of the net identifiable assets on completion of the acquisition of Extera in the 31 December 2013 financial statements. The principal activity of Extera is that of an investment holding company and its sole investment is its 90% equity interest in Sheng Rong. Sheng Rong is principally engaged in the ownership and operation of CNG refilling stations and natural gas supply and distribution business in Shandong province, People's Republic of China.

At the date of finalisation of these 2014 financial statements, based on the directors' best estimate of the likely fair valuation of the identifiable assets and liabilities which approximate to the carrying amounts at the date of acquisition, the Group has finalised the valuation of the goodwill, and have determined that the carrying value of the goodwill associated with the Group's acquisition of Extera was not impaired. The recoverable amount of the goodwill was forecasted at 20% growth rate (2013: 20%) by reference to the cash generating unit's value-in-use, taking into consideration the various planned construction and operation of CNG refilling stations at other locations (Note 23). A discount factor of 9% per annum (2013: 9%) was applied to the value in use model.

NOTES TO THE FINANCIAL STATEMENTS

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12 PROPERTY, PLANT AND EQUIPMENT

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

* *Below $1,000*

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and equipment	Furniture and fittings	Other assets	Total
	S$'000	S$'000	S$'000	S$'000
Group				
2013				
Cost				
At 1 January	2,011	264	477	2,752
Foreign currency translation differences	(52)	–	(1)	(53)
Additions	–	47	5	52
Acquisition through business combination	546	51	57	654
Written-off	(47)	(32)	(1)	(80)
Reclassification	–	(2)	2	–
Disposals	(1,710)	(4)	–	(1,714)
At 31 December	748	324	539	1,611
Allowance for impairment loss				
At 1 January	1,749	–	–	1,749
Foreign currency translation differences	(49)	–	–	(49)
Disposal	(1,700)	–	–	(1,700)
At 31 December	–	–	–	–
Accumulated depreciation				
At 1 January	235	226	214	675
Foreign currency translation differences	(2)	–	–	(2)
Depreciation for the financial year	7	12	80	99
Acquisition	1	2	4	7
Written-off	(28)	(30)	(1)	(59)
Disposals	(10)	(1)	–	(11)
At 31 December	203	209	297	709
Carrying amount				
As at 31 December	545	115	242	902

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Furniture and fittings	Other Assets	Total
	S$'000	S$'000	S$'000
Company			
2014			
Cost			
At 1 January	**61**	**133**	**194**
Additions	**–**	**4**	**4**
Written off	**–**	**(1)**	**(1)**
At 31 December	**61**	**136**	**197**
Accumulated depreciation			
At 1 January	**41**	**119**	**160**
Depreciation for the financial year	**–**	**6**	**6**
Written off	**–**	**(1)**	**(1)**
At 31 December	**41**	**124**	**165**
Carrying amount			
At 31 December	**20**	**12**	**32**
2013			
Cost			
At 1 January	61	133	194
Additions	–	15	15
Written off	–	(15)	(15)
At 31 December	61	133	194
Accumulated depreciation			
At 1 January	41	129	170
Depreciation for the financial year	–	2	2
Written off	–	(12)	(12)
At 31 December	41	119	160
Carrying amount			
At 31 December	20	14	34

The Group's other assets include a motor vehicle with a carrying amount of S$109,000 (2013: S$186,000) as at 31 December 2014 which was acquired under a finance lease arrangement. The motor vehicle is registered in the name of a director and is held in trust for the Group.

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13 INVESTMENT PROPERTY

	Group	
	2014	2013
	S$'000	S$'000
Fair Value		
As at 1 January	**13,376**	10,164
Foreign currency translation difference	**(1)**	108
Additions during the year	**-**	3,103
Disposal	**(525)**	-
Reclassified to assets held for sale (Note 23)	**(605)**	-
Fair value (loss)/gain	**(442)**	1
As at 31 December	**11,803**	13,376

(a) As disclosed in Notes 3(b)(iii), the fair value of the Tanjong Malim land as at 31 December 2014 has been determined by an independent professional valuer with recent experience in the locale and type of the investment properties on 7 January 2015. The valuation was arrived at by reference to market evidence of transaction prices for similar properties, and was performed in accordance with International Valuation Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The land is held under leasehold interests with a lease period of 99 years expiring on 12 February 2106. There is no significant change in the fair value from 31 December 2013.

(b) The Group had acquired various residential and commercial properties as investment properties. The Group's investment properties are held for income and capital gain. As at 31 December 2014, there has been an offer of purchase for one of its commercial properties with carrying value of approximately S$605,000 which has been transferred to asset held for sale (Note 23). The fair value of the Group's residential and commercial properties as at 31 December 2014 has been arrived at based on Directors' valuation, on the basis of the valuations carried out by independent professional valuers at 4 February 2014 and 27 February 2014. The valuer adopted the Comparison Method in valuing the properties and the valuation was based on the recent transaction records of comparable properties in the locality and was performed in accordance with International Valuation Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There is no significant change in the fair value from 31 December 2013.

The fair value of investment properties is classified under Level 2 of the fair value hierarchy, as defined in Note 38(d) to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

13 INVESTMENT PROPERTY (Continued)

Description of the investment properties are as follows:

	Name of property	Area	Existing use	Tenure
(a)	Tanjong Malim Land, Malaysia	2,103,948 sq. ft	Commercial	99 year lease (unexpired term 92 years)
(b)	Unit 33-02 Cendana Condominium, Kuala Lumpur, Malaysia	4,488 sq. ft	Residential	Freehold
(c)	Unit 12-11 Clear Water Residence, Kuala Lumpur Malaysia (Note 23)	1,794 sq ft	Residential	Freehold
(d)	Unit 18-03 Clear Water Residence, Kuala Lumpur Malaysia	3,283 sq ft	Residential	Freehold
(e)	Lot A-1, Tamam Sungai Mas, Sabah, Malaysia	1,265 sq ft	Shop	999 year lease (unexpired term 901 years)
(f)	Lot A-2, Tamam Sungai Mas, Sabah, Malaysia	1,070 sq ft	Shop	999 year lease (unexpired term 901 years)
(g)	Lot A-3A, Tamam Sungai Mas, Sabah, Malaysia	1,070 sq ft	Shop	999 year lease (unexpired term 901 years)

14 LAND USE RIGHTS

Land use rights has been reclassified to asset held for sale as the group has decided to dispose of its interest in land use rights.

15 AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2014	2013
	S$'000	S$'000
As at 1 January	**17,852**	17,852
Allowance for impairment loss	**(11,710)**	(11,710)
As at 31 December	**6,142**	6,142

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

15 AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Movement in allowance for impairment loss is as follows:

	Group and Company	
	2014	2013
	S$'000	S$'000
As at 1 January and 31 December	**11,710**	11,710

Available-for-sale investments comprise the following:

	Group and Company	
	2014	2013
	S$'000	S$'000
Right to receive net proceeds from 60 finished lots of land [Note (i)]	**4,600**	4,600
Investment in unquoted shares [Notes (ii), (iii)]	**1,542**	1,542
	6,142	6,142

(i) the Group and the Company's rights to receive the net proceeds of 60 finished lots of land situated at Sawyer Falls, Pierce County, Washington State, USA amounting to $4,600,000;

(ii) the Group and the Company made a full provision for impairment of $1,400,000 for its investment in Grand Prosper due to the long delay and uncertainty in the commencement of the operations of its CNG filling stations in the People's Republic of China; and

(iii) the Group and the Company's equity investment in Trackplus was previously classified as asset held-for-sale but since the Group has not sold Trackplus, it was re-classified to available-for-sale investments in 2012.

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

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

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

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

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31 December 2014

15 AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Investment in Grand Prosper

The Company had on 16 February 2011 entered into a Sale and Purchase Agreement with Dragon Seed Resources Limited (the "Vendor") to acquire 25% of the issued and paid-up share capital in Grand Prosper for a consideration of S$2.0 million to be satisfied in full by the allotment and issue of 200,000,000 new ordinary shares of the Company at S$0.01 per share to the Vendor (the "Grand Prosper Acquisition").

The Grand Prosper Acquisition was recorded at S$1.4 million based on the Company's share price of $0.007 on the day of completion on 8 September 2011.

Grand Prosper's only investment is its 90% shareholding in Deshi Oil and Gas Exploration Co. Ltd ("Deshi"). Deshi had obtained the permits, issued by the public utility bureau (the "Permits"), to build and operate two CNG stations in Dezhou city, Shandong Province in December 2010. The permits lapsed in December 2011, and Deshi had applied for the renewal of the permits but its outcome remains unclear. In the Company's view, the lengthy and convoluted processes to obtain more than 10 approvals from various other local authorities, such as civil defence bureau, city planning bureau, and quality inspection bureau in addition to the permits adds to future uncertainties. The Company had taken a conservative stance and fully impaired its investment in Grand Prosper.

Investment in Trackplus

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

The Company acquired on 9 September 2011 a 35% interest in the issued and paid-up share capital of Trackplus whose principal activity is property development in Malaysia. As disclosed in Note 3b(ii), Trackplus is a special purpose vehicle company and owns only a parcel of land with an area of approximately 7,863 square metres at Section 13, Town of Shah Alam, Selangor, Malaysia. The land which is on a leasehold title for 99 years and expiring on 22 January 2102, was valued at approximately S$6,541,000 [equivalent to RM17,300,000] (2013: S$5,977,000 [equivalent to RM15,500,000]) as at 31 December 2013. The valuation of the land was carried out by an independent registered valuer on 18 December 2014. The open market valuation method used is based on the available records on the recent transactions of comparable properties in the locality.

16 INVENTORIES

	Group	
	2014	2013
	S$'000	S$'000
Inventories, net	**9**	13

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17 DERIVATIVE RECEIVABLES AND OTHER ASSETS

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

	Notional Amount		Derivative Receivables	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Group				
Equity derivative				
Fair value of equity derivatives	**203**	67,184	**10**	20,723
Company				
Equity derivative				
Fair value of equity derivatives	**46**	65,851	**2**	20,629

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Derivative receivables:				
Analysed by counterparty:				
Bank/CDP	**10**	122	**2**	28
Third party	**–**	20,601	**–**	20,601
	10	20,723	**2**	20,629
Analysed by geography:				
Europe	**–**	–	**–**	–
Singapore	**10**	20,723	**2**	20,629

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

18 INVESTMENTS HELD FOR TRADING

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Marketable securities: Singapore				
As at 1 January	**12,478**	57,028	**6,257**	17,061
Additions	**5,276**	32,513	**5,276**	32,056
Disposal	**(722)**	(14,130)	**(721)**	(13,542)
Add: Fair value loss due to changes in market value (Note 5)	**(9,966)**	(62,933)	**(4,482)**	(29,318)
As at 31 December	**7,066**	12,478	**6,330**	6,257

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18 INVESTMENTS HELD FOR TRADING (Continued)

Investments held for trading as at 31 December 2014 pertains to investments in marketable securities which offer the Group and the Company the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing bid prices on the last market day of the financial year.

The Group's and the Company's investments held for trading include investments with the carrying amount of S$1,285,000 (2013: S$4,847,000) and S$1,190,000 (2013: $4,067,000) respectively, are pledged as security for trading accounts with financial institutions.

Investments held for trading are denominated in Singapore dollar.

19 SALE AND PURCHASE AGREEMENT ("S&P") WITH PURCHASER ("COUNTERPARTY") OF MARKETABLE SECURITIES

In 2013, the Company entered into an S&P to sell certain marketable securities, ("Securities") to the counterparty. The consideration of S$65,460,000 was negotiated by the parties and taking into consideration inter-alia, the size of the transaction, represented a 10% discount to the last traded prices of the Securities on 6 September 2013. The consideration was to be fully satisfied by the counterparty in cash. The counterparty had paid S$7,200,000 on 26 December 2013. The completion of the S&P was to take place on or before 31 December 2013. The completion did not take place by 31 December 2013 and the Group did not deliver the Securities to the counterparty by 31 December 2013.

As the Securities had not been delivered to the counterparty and the transaction was not completed, the amount receivable from the counterparty under the S&P was included as part of derivative receivables and other assets in the balance sheet in the prior year (Note 17).

On 25 March 2014, the Company and the counterparty entered into a Variation Agreement to the S&P to extend the completion date to 31 December 2014. Pursuant to the Variation Agreement, the counterparty provided collaterals by way of pledged shares in another Singapore listed company ("Pledged Shares") for their obligations under the S&P.

On 19 November 2014, at the request of the counterparty, the Pledged Shares were returned to the counterparty and in return, the counterparty provided a Deed of Shares Pledge for 25,000 shares, representing 50% of the issued share capital, of an overseas private company held under an escrow arrangement in favour of the Company. The Company is of the opinion that these 25,000 shares has a value in excess of S$30,855,000 which is equivalent to the estimated value of the Pledged Shares as at 31 December 2014.

On 31 December 2014, the Company entered into a further agreement with the counterparty to repurchase the Securities for S$752,000 ("Repurchase Price"), based on the Securities' last traded price on 31 December 2014. The counterparty agreed to settle in cash the balance consideration after deducting the Repurchase Price, by 30 September 2015. The net gain on the derivative receivables of S$36,906,000 (Note 5) and amount due from the counterparty of S$57,508,000 (Note 20) were recognised accordingly.

The Pledged Shares are the primary collateral for the debt owed by the counterparty and the 25,000 shares of the overseas private company will be used as additional collateral until the settlement of the S$57,508,000. The escrow arrangement will be terminated upon the return of the Pledged Shares with duly executed share transfer forms to the Company and/or when S$57,508,000 has been fully settled. The counterparty has confirmed their indebtedness and the Company believes that the debt is recoverable. The management estimated that the value of the Pledged Shares as at 31 December 2014 amounted to S$30,855,000 and made a best estimate of an allowance of impairment loss of S$26,653,000 which represented the uncollateralised portion of receivable due from the counterparty.

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20 TRADE RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Third parties	**57,509**	15	**57,508**	–
Less: Allowance for impairment loss	**(26,653)**	(15)	**(26,653)**	–
	30,856	–	**30,855**	–

Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit term of 30 days (2013: 30 days). Included in the trade receivables is the amount due from the counterparty on the sale of the Securities (Note 19).

Trade receivables that are less than five months past due are not considered as impaired. As at 31 December 2014, no trade receivables (2013: Nil) were over five months past due and impaired.

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

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
As at 1 January	**15**	16	**–**	33
Addition during the financial year (Note 19)	**26,653**	–	**26,653**	–
Reversal during the financial year	**(15)**	(1)	**–**	(33)
As at 31 December	**26,653**	15	**26,653**	–

The impairment loss of S$26,653,000 relates to the S&P mentioned in Note 19.

Trade receivables are denominated in Singapore dollar (2013: Malaysian Ringgit).

21 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Other receivables	**804**	1,149	**22**	342
Allowance for impairment	**(153)**	(474)	**–**	(321)
	651	675	**22**	21
Amounts due from subsidiaries	**–**	–	**30,205**	30,411
Allowance for amounts due from subsidiaries	**–**	–	**(28,546)**	(28,799)
	–	–	**1,659**	1,612
Deposits	**36**	367	**31**	331
Prepayments	**56**	276	**14**	8
	743	1,318	**1,726**	1,972

Other receivables and amounts due from subsidiaries, which comprise mainly of advances, are interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

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21 OTHER RECEIVABLES AND PREPAYMENTS (Continued)

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

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
As at 1 January	**474**	592	**321**	439
Write-off against allowance	**(321)**	–	**(321)**	–
Reversal during the financial year	**–**	(118)	**–**	(118)
As at 31 December	**153**	474	**–**	321

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

The reversal of S$118,000 in 2013 was due to settlement of debts previously considered as impaired.

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

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

	Company	
	2014	2013
	S$'000	S$'000
As at 1 January	**28,799**	4,858
(Reversal of impairment loss)/Provision for impairment loss during the financial year	**(253)**	23,941
As at 31 December	**28,546**	28,799

Receivables that are impaired

At the end of the respective reporting period, the Company has provided an impairment loss of S$28,546,000 (2013: S$28,799,000) for advances due from its subsidiaries. Its subsidiaries have been suffering financial losses for the current and past three financial years.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Save as disclosed in Note 20, the Group and the Company do not hold any collateral.

Other receivables and prepayments are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Singapore dollar	**580**	365	**1,726**	1,972
Chinese Renminbi	**159**	940	**–**	–
Malaysian Ringgit	**4**	13	**–**	–
	743	1,318	**1,726**	1,972

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22 CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Cash and bank balances	**5,164**	2,751	**3,148**	139

Cash and bank balances do not bear any interest.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Singapore dollar	**4,639**	2,072	**3,147**	138
United States dollar	**6**	6	**–**	–
Chinese Renminbi	**518**	654	**1**	–
Malaysian Ringgit	**1**	19	**–**	1
	5,164	2,751	**3,148**	139

23 ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2014	2013
	S$'000	S$'000
Residential unit (i)	**605**	–
Assets related to CNG station (ii)	**4,507**	–
	5,112	–
Liabilities associated with assets held for sale (ii)	**2,685**	–

(i) The Group intends to sell one of its investment properties, a residential unit in Malaysia. The fair value of the investment property as at 31 December 2014 was based on the agreed purchase price with the buyer. The sale was completed subsequent to year end.

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23 ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

(ii) The Group decided to sell its CNG refilling station's operating assets, and anticipated that the disposal of net assets of the CNG refilling station will be completed within the next financial year ending 31 December 2015. The Group is in the process of obtaining the various regulatory approvals and lease arrangements for the construction and operation of CNG refilling stations at other locations. No impairment loss was recognised on the reclassification of the assets and liabilities held for sale as at 31 December 2014. The major classes of assets and liabilities of the CNG refilling station operating assets at the end of the reporting year are as follows:

	Group 2014 S$'000
Assets classified as held for sale	
Land use rights	**3,053**
Property, plant and equipment	**540**
Inventories	**73**
Other receivables	**841**
	4,507
Liabilities directly associated with assets classified as held for sale	
Other payables	**(2,685)**
Net assets of CNG refilling station classified as held for sale	**1,822**

24 FINANCE LEASE LIABILITIES

	Minimum Lease payments 2014	Minimum Lease payments 2013	Present value of Minimum lease payments 2014	Present value of Minimum lease payments 2013
	S$'000	S$'000	**S$'000**	S$'000
Group				
Amounts payable under finance lease:				
Within one financial year	**56**	56	**51**	51
In the second to fifth financial year	**23**	79	**21**	72
	79	135	**72**	123
Future finance charges	**(7)**	(12)		
Present value of lease obligations	**72**	123		
Due for settlement within 12 months	**(51)**	(51)		
Due for settlement after 12 months	**21**	72		

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

The remaining term of the finance lease is 2 years (2013: 3 years). For the financial year ended 31 December 2014, the effective borrowing rate was 3.9 % (2013: 3.9%) per annum. Interest rate is fixed at the contract date, and thus exposes the Group to fair value interest rate risk. The finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent lease payments.

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24 FINANCE LEASE LIABILITIES (Continued)

The Group's obligation under finance lease is secured by the lessor's title to the leased asset as disclosed in Note 12, which will revert to the lessor in the event of default by the Group.

The finance lease payable is denominated in Singapore dollar.

25 DEFERRED TAX LIABILITIES

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

Movements in deferred tax liabilities are as follows:

	Group	
	2014	2013
	S$'000	S$'000
As at 1 January	**468**	2,045
Recognised in the profit or loss	**(40)**	21
Reversal of deferred tax against revaluation reserves	**–**	(1,693)
Provision of deferred tax against accumulated losses	**–**	152
Foreign currency translation differences	**–**	(57)
As at 31 December	**428**	468

26 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Trade payables:				
– bank and stock brokerage trading accounts	**1,302**	275	**–**	–
Amounts due to subsidiaries	**–**	–	**7,416**	7,500
Accrued operating expenses	**308**	121	**135**	100
Accrual of unutilised leave	**455**	403	**455**	402
Amount due to a director	**4**	2	**4**	2
Other payables	**820**	2,874	**355**	216
	2,889	3,675	**8,365**	8,220

Bank and stock brokerage trading accounts are non-interest bearing and are normally settled within 30 days (2013: 30 days) term.

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26 TRADE AND OTHER PAYABLES (Continued)

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

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

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Singapore dollar	**2,263**	900	**8,255**	8,115
Malaysian Ringgit	**70**	25	**–**	–
United States dollar	**113**	106	**110**	105
Chinese Renminbi	**442**	2,642	**–**	–
Euro	**1**	2	**–**	–
	2,889	3,675	**8,365**	8,220

27 DERIVATIVE PAYABLE AND OTHER LIABILITIES

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

	Notional Amount		Derivative Payables	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Group				
Equity derivative				
Fair value of equity derivatives	**9,688**	9,688	**9,491**	8,374
Company				
Equity derivative				
Fair value of equity derivatives	**–**	7	**–**	7
	–	7	**–**	7

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Derivative payables:				
Analysed by counterparty:				
Bank	**9,491**	8,374	**–**	7
Analysed by geography:				
Europe	**9,491**	8,367	**–**	–
Singapore	**–**	7	**–**	7

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

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28 PROVISION FOR DIRECTOR FEES

Provision for director fees is denominated in Singapore dollar.

29 RETIREMENT BENEFIT OBLIGATIONS

The total retirement benefit expense recognised in profit or loss of S$62,000 (2013: S$63,000) represents contributions payable by the Group to the state-managed retirement benefit plans at rates specified in the rules of the plans. Contributions of S$25,000 (2013: S$10,000) due in respect of the current financial year had been paid to the plan subsequent to the end of financial year.

30 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2014	2013	**2014**	2013
			S$'000	S$'000
Issued and paid-up, no par value				
As at 1 January	**3,465,182,495**	2,590,079,085	**112,588**	69,671
Issue of ordinary shares relating to:				
– share based payment on acquisition of investment properties	**–**	320,103,410	**–**	3,103
– exercise of share options	**–**	5,000,000	**–**	125
– share placement	**–**	250,000,000	**–**	30,800
– share placement expenses			**–**	(1,011)
– issuance of rights shares	**931,567,650**		**9,316**	–
– rights issue expenses	**–**	–	**(333)**	–
– acquisition of 81.82% of a subsidiary company	**–**	300,000,000	**–**	9,900
As at 31 December	**4,396,750,145**	3,465,182,495	**121,571**	112,588

On 23 January 2014, a total of 68,300,000 share awards were granted to directors and employees of the Group under the Innopac Performance Share Scheme (the "PSS"). The market price of the Company's shares on the date of grant was S$0.024. The PSS is operative for ten years from 29 April 2005. Under the PSS, fully paid shares of the Company may be awarded free of charge to group executives, group executive directors and non-executive directors.

The number of share awards granted to directors were:

1. Dato' Moehamad Izat Emir 12,000,000
2. Wong Chin Yong 40,000,000
3. Ong Kah Hock 12,000,000

NOTES TO THE FINANCIAL STATEMENTS

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30 SHARE CAPITAL (Continued)

Awards are vested once the RC is satisfied that the prescribed performance target(s) set for individual directors/ employees in accordance with their job scope have been achieved and approves the vesting of the share awards. None of the shares awards have been vested at the date of the financial statements.

The RC has taken into consideration, among other things, (i) the impact to the income statement of the Group, (ii) the share price performance of the Company since January 2014, and (iii) the value of such shares in the hands of the recipients when vested, and have deemed it inappropriate that such share awards be allowed to vest. The RC has decided that these share awards will not vest because the objective of retention of outstanding employees within the Group cannot be achieved if these share awards vest according to its original arrangement.

On 11 November 2014, the Company allotted and issued 931,567,650 Rights Shares and 465,783,822 Warrants arising from the Rights cum Warrants Issue, approved by the Company's shareholders on 5 September 2014. Net proceeds of approximately S$9,000,000 were raised. The 931,567,650 Rights Shares and 465,783,822 Warrants were listed, quoted and traded on the Main Board of the SGX-ST on 12 November 2014 and 13 November 2014, respectively. Following the allotment and issue of the Rights Shares, the total number of issued shares of the Company increased from 3,465,182,495 shares to 4,396,750,145 shares.

31 ASSET REVALUATION RESERVE

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

32 SHARE OPTIONS RESERVE

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

The Innopac Share Option Scheme (the "IPSO")

The IPSO is operative for ten years from 29 April 2005. Under the IPSO, share options may be granted to group executives, group executive directors and non-executive directors who have been employed by the Company or any member of the Group for at least one year and have attained 21 years of age on or before the date of grant.

Information in respect of the share options granted under the Company's IPSO is as follows:

	Weighted average exercise price 2014	**Number of options 2014**	Weighted average exercise price 2013	Number of options 2013
	S$'000		S$'000	
Outstanding as at 1 January	–	–	0.025	5,000,000
Exercised during the year	–	–	0.025	(5,000,000)
Outstanding as at 31 December	–	–	0.025	–
Exercisable as at 31 December	–	–	0.025	–

All remaining 5,000,000 share options under the Company IPSO were exercised in 2013.

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33 FOREIGN CURRENCY TRANSLATION RESERVE

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

34 OPERATING LEASE COMMITMENTS

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

	Group	
	2014	2013
	S$'000	S$'000
Future minimum lease payments payable:		
Within one year	**104**	155
In the second to fifth financial year	**–**	143
	104	298

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

The Group has renewed its lease for a two-year term for its office premises in financial year 2013, with an option to renew the lease for another two years, after the expiry of the current lease period, at revised terms to be mutually agreed between the Company and the landlord. There are no contingent rentals.

35 SEGMENT INFORMATION

(a) Analysis by Business Segment

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

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

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

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

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35 SEGMENT INFORMATION (Continued)

(a) Analysis by Business Segment *(Continued)*

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

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

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

The information of each segment is as follows:

(i) Products trading segment: The revenue from this segment was derived from products trading.

(ii) Investment trading segment: This represents investments in marketable securities, which are classified as financial assets at fair value through profit or loss.

(iii) Investment holding segment: This mainly consists of the principal activities of the Company and some of its subsidiaries, which are investment holding and rendering management services to subsidiaries.

	Products trading	Investment trading	Investment holding	Total
	S$'000	S$'000	S$'000	S$'000
Group				
2014				
Segment revenue	489	336	–	825
Segment results	(807)	(2,593)	(2,426)	(5,826)
Finance costs				(5)
Income tax				40
Loss for the financial year				(5,791)
Segment assets	10,450	38,076	32,232	80,758
Segment liabilities	(3,145)	(10,990)	(1,198)	(15,333)
Deferred tax liabilities				(428)
Total liabilities				(15,761)
Other information				
Capital expenditure	70	–	4	74
Depreciation of property, plant and equipment	188	77	6	271

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35 SEGMENT INFORMATION (Continued)

(a) Analysis by Business Segment *(Continued)*

	Products trading	Investment trading	Investment holding	Total
	S$'000	S$'000	S$'000	S$'000
Group				
2013				
Segment revenue	8	10,753	–	10,761
Segment results	(394)	(58,969)	4,854	(54,509)
Finance costs				(5)
Income tax				(21)
Loss for the financial year				(54,535)
Segment assets	99	36,054	38,312	74,465
Segment liabilities	(13)	(11,417)	(829)	(12,259)
Deferred tax liabilities				(468)
Total liabilities				(12,727)
Other information				
Capital expenditure	36	–	16	52
Depreciation of property, plant and equipment	19	77	3	99

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

35 SEGMENT INFORMATION (Continued)

(b) Analysis by Geographical Segment

	Group	
	2014	2013
	S$'000	S$'000
Segment revenue by geographical market:		
Singapore	**336**	10,753
Other Asian countries	**489**	8
Total	**825**	10,761
Segment non-current assets by geographical location:		
Singapore	**142**	221
Other Asian countries	**25,514**	30,819
Total	**25,656**	31,040
Segment capital expenditure by geographical location:		
Singapore	**4**	16
Other Asian countries	**70**	36
Total	**74**	52

36 CONTINGENT LIABILITIES AND COMMITMENTS

Continuing financial support

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

At the end of the financial year, these subsidiaries had capital deficiencies totalling S$38,668,000 (2013: S$29,872,000) including amount due by the subsidiaries to the Company totalling S$28,537,000 (2013: S$28,799,000). See Note 10 for impairment in subsidiaries.

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

37 RELATED PARTIES TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

37 RELATED PARTIES TRANSACTIONS (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

In addition to the information disclosed elsewhere in the financial statements, the Company has provided general and administrative services to certain subsidiaries at no charge (2013: no charge). Certain subsidiaries are using the same premises leased by the Company at no charge (2013: no charge).

Remuneration of key management personnel

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

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

	Company	
	2014	2013
	S$'000	S$'000
Directors' fees	**109**	87
Post-employment benefits	**6**	4
Short-term benefits	**525**	470

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

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Post-employment benefits	**18**	18	**15**	16
Short-term benefits	**289**	263	**273**	252

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

37 RELATED PARTIES TRANSACTIONS (Continued)

Remuneration of key management personnel (Continued)

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

	Company	
	2014	2013
	S$'000	S$'000
$500,000 and above	**–**	–
$250,000 to $499,999	**1**	1
Below $250,000	**4**	3
	5	4

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

	Group		Company	
	2014	2013	**2014**	2013
Below $250,000	**2**	2	**2**	2

38 FINANCIAL RISK MANAGEMENT

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

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

(a) Market Risks

(i) Foreign exchange risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

38 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market Risks *(Continued)*

(i) Foreign exchange risk (Continued)

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

At 31 December 2014, if the Singapore dollar had weakened/strengthened by 10% against the Malaysian Ringgit with all other variables held constant, pre-tax loss for the year would have been S$7,000 (2013: S$400) higher/lower.

As 31 December 2014, if the Singapore dollar had weakened/strengthened by 10% against the United States dollar with all other variables held constant, pre-tax loss for the year would have been S$10,000 (2013: S$10,000) higher/lower.

At 31 December 2014, if the Singapore dollar had weakened/strengthened by 10% against the Chinese Renminbi with all other variables held constant, pre-tax loss for the year would have been S$23,000 (2013: S$156,000) lower/higher.

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

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Chinese Renminbi	**677**	1,084	**442**	2,642	**1**	–	**–**	–
Euro	**–**	–	**1**	2	**–**	–	**–**	–
United States dollar	**6**	6	**113**	107	**–**	–	**110**	105
Malaysian Ringgit	**5**	32	**70**	25	**–**	1	**–**	–

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

38 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market Risks *(Continued)*

(ii) Marketable securities price risk

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

If prices for the Group's marketable securities change by 10%, the effects on loss before income tax would be approximately S$0.747 million (2013: S$1.553 million).

(iii) Cash flow and fair value interest rate risk

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

(b) Credit Risk

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

The Group's and the Company's major classes of financial assets are investments held for trading, other receivables and bank deposits. Investments held for trading are mainly marketable securities held with securities trading companies which are subsidiaries of well-established banks. Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies. The Group does not expect any losses from non-performance by these counterparties, except as disclosed in Note 20. The Group's trade receivables are mainly due from one counterparty.

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

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

(c) Liquidity Risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

38 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity Risk *(Continued)*

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

	Effective interest rate	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years
		S$'000	S$'000	S$'000
Group				
At 31 December 2014				
Financial Liabilities				
Trade payables and other payables	**–**	**2,434**	**–**	**–**
Derivative payables and other liabilities		**9,491**	**–**	**–**
Provision for director fees	**–**	**196**	**–**	**–**
Finance lease liabilities	**3.9%**	**56**	**23**	**–**
Total		**12,177**	**23**	**–**
At 31 December 2013				
Financial Liabilities				
Trade payables and other payables	–	3,272	–	–
Derivative payables and other liabilities		8,374	–	–
Provision for director fees	–	87	–	–
Finance lease liabilities	3.9%	56	56	23
Total		11,789	56	23

	Effective interest rate	Less than 1 year
		S$'000
Company		
At 31 December 2014		
Financial Liabilities		
Trade payables and other payables	**–**	**7,910**
Provision for director fees	**–**	**196**
Total non-derivatives		**8,106**
At 31 December 2013		
Financial Liabilities		
Trade payables and other payables	–	7,817
Provision for director fees	–	87
Total non-derivatives		7,904

The Group's operations are financed mainly through equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

38 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair Value of Financial Assets and Financial Liabilities

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

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

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and which trade in active liquid markets are determined with reference to quoted market prices (Level 1 of fair value hierarchy);

(ii) in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability (Level 2 of fair value hierarchy); and

(iii) in the absence of observable inputs, the fair values of the remaining financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models (Level 3 of fair value hierarchy).

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

	Level 1	Level 2	Level 3	Total
	$'000	**$'000**	**$'000**	**$'000**
Group				
2014				
Assets				
Derivative receivables and other assets (Note 17)	**–**	**10**	**–**	**10**
Investments held for trading (Note 18)	**7,066**	**–**	**–**	**7,066**
2013				
Assets				
Derivative receivables and other assets (Note 17)	20,601	122	–	20,723
Investments held for trading (Note 18)	12,478	–	–	12,478
Company				
2014				
Assets				
Derivative receivables and other assets (Note 17)	**–**	**2**	**–**	**2**
Investments held for trading (Note 18)	**6,330**	**–**	**–**	**6,330**
2013				
Assets				
Derivative receivables and other assets (Note 17)	20,601	28	–	20,629
Investments held for trading (Note 18)	6,257	–	–	6,257

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

38 FINANCIAL RISK MANAGEMENT (Continued)

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

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

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

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

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

(i) Other financial assets and liabilities

The carrying amount of cash and cash equivalents, trade and other receivables and payables, approximate their respective fair values due to the relative short term maturity of these financial instruments.

(ii) Non-derivative financial liabilities

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

39. CAPITAL MANAGEMENT

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

The Group's and the Company's overall strategy in capital management remains unchanged from financial year 2013.

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

	Group		Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Net debt	**7,288**	9,421	**5,217**	8,088
Total equity	**64,246**	60,601	**64,178**	51,363
Total capital	**71,534**	70,022	**69,395**	59,451
Gearing ratio	**10.19%**	13.45%	**7.52%**	13.60%

The Group and the Company are not subject to any externally imposed capital requirements for financial years ended 31 December 2014 and 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

40. OTHER MATTERS

The Company on 3 April 2014 and 11 April 2014 announced that the Company, certain subsidiaries and a former associate company, and Mr Wong Chin Yong, the Managing Director and Chief Executive Officer of the Company, had received orders from the Commercial Affairs Department of the Singapore Police Force ("CAD") to assist with the CAD's investigations into an offence under the Securities and Futures Act, Chapter 289. The CAD requested for files and financial records, computers and data storage devices.

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

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

41 EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Group through its subsidiary, Extera entered into an agreement on 27 February 2015 with Aceford Limited ("Aceford") and Mr. Liang Gaocheng (梁高成) to establish a Chinese Joint Venture Company in Shandong Province, the People's Republic of China (the "CJV"). The primary business of the CJV is to distribute clean gasoline and diesel produced by Shandong Gaocheng Petroleum Technology Co., Ltd. (山东高成石油科技有限公司) ("Gaocheng Petroleum"). Through the CJV, the Company intends to enlarge its footprint in the clean energy distribution business in China.

Aceford is an investment holding company owned by Mr. Liang Gaocheng and Mr. Duan Shenyu (段升余);

The parties have agreed to establish an intermediate investment holding company ("Intermediate Co") to hold a 90% equity interest in the proposed CJV to be incorporated in Qingdao, Shandong Province, the People's Republic of China. The remaining 10% shall be owned by Mr. Liang Gaocheng or his nominee. The shareholders of the Intermediate Co shall be Aceford -70% and Extera-30%. The CJV shall have a registered capital of RMB 30 million, which shall be contributed by Extera. The CJV shall be the exclusive purchaser and supplier of raw materials for Gaocheng Petroleum and be its sole marketing and distribution agent. Mr. Liang and Aceford have undertaken to procure and cause Gaocheng Petroleum to award these contracts to the proposed CJV. Mr. Liang Gaocheng and Aceford have undertaken to procure and cause Gaocheng Petroleum to give first right of refusal to the shareholders of the CJV, including Extera to participate and invest in new refineries in the People's Republic of China.

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STATISTICS OF SHAREHOLDINGS

As At 27 March 2015

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 – 99	84	0.56%	1,354	0.00%
100 – 1,000	707	4.72%	648,581	0.01%
1,001 – 10,000	6,206	41.38%	35,142,380	0.80%
10,001 – 1,000,000	7,551	50.35%	1,193,266,942	27.14%
1,000,001 and above	448	2.99%	3,167,690,888	72.05%
	14,996	**100.00**	**4,396,750,145**	**100.00**

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

Based on information available to the Company as at 27 March 2015, approximately 66.29% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TOP TWENTY SHAREHOLDERS

No.	Name	No. of Shares	Percentage
1.	CIMB Sec (S'pore) Pte Ltd	320,049,027	7.28%
2.	Lim & Tan Securities Pte Ltd	302,925,000	6.89%
3.	DBS Vickers Secs (S) Pte Ltd	211,845,000	4.82%
4.	G1 Investments Pte Ltd	178,782,800	4.07%
5.	United Overseas Bank Nominees	151,226,595	3.44%
6.	Raffles Nominees (Pte) Ltd	139,487,000	3.17%
7.	OCBC Securities Private Ltd	110,951,155	2.52%
8.	Phillip Securities Pte Ltd	104,678,473	2.38%
9.	Ipco International Limited	74,000,000	1.68%
10.	Citibank Noms S'pore Pte Ltd	54,866,000	1.25%
11.	Wong Chin Yong	53,000,000	1.21%
12.	RHB Securities Singapore P L	52,539,000	1.19%
13.	UOB Kay Hian Pte Ltd	47,852,000	1.09%
14.	Friendship Bridge Holding Company Pte Ltd	38,550,000	0.88%
15.	Maybank Kim Eng Secs Pte Ltd	38,263,000	0.87%
16.	DBS Nominees Pte Ltd	36,302,463	0.83%
17.	Low Woo Swee @ Loh Swee Teck	33,441,000	0.76%
18.	Annica Holdings Limited	33,000,000	0.75%
19.	Lim Siew Hooi	25,518,000	0.58%
20.	KGI Fraser Securities Pte Ltd	24,723,000	0.56%
		2,031,999,513	**46.22%**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

No.	Name	Direct Interest	Deemed Interest	Percentage
1.	Joseph Isaac Gutnick(1)	2,220,000	300,000,000	6.87%
2.	Jollyboat Management Ltd	-	300,000,000	6.82%
3.	Rubic Prize Limited	300,000,000	-	6.82%
4.	Foo Ngan Seng(2)	-	295,318,000	6.72%
5.	Clear Water Development Sdn Bhd(3)	-	268,487,800	6.11%
6.	Ipco International Limited(4)	160,000,000	89,550,000	5.68%

Note:

(1) *Mr. Joseph Isaac Gutnick owns 100% of Jollyboat Management Ltd.*

(2) *The shares are under nominee account.*

(3) *Clear Water Development Sdn Bhd deemed interest is due to assignment of shares.*

(4) *Ipco International Limited deemed interest in 89,550,000 shares are held by several of its subsidiaries.*

STATISTICS OF WARRANT HOLDINGS

As At 27 March 2015

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	Percentage	No. of Warrants	Percentage
1 – 99	2	0.14	47	0.00
100 – 1,000	12	0.81	6,280	0.00
1,001 – 10,000	226	15.31	1,529,309	0.33
10,001 – 1,000,000	1,182	80.08	169,437,151	36.38
1,000,001 and above	54	3.66	294,811,035	63.29
	1,476	**100.00**	**465,783,822**	**100.00**

TOP TWENTY WARRANT HOLDERS

No.	Name	No. of Shares	Percentage
1.	Lim & Tan Securities Pte Ltd	75,618,000	16.23
2.	DBS Vickers Securities (S) Pte Ltd	28,430,000	6.10
3.	Raffles Nominees (Pte) Ltd	21,630,000	4.64
4.	Wong Chin Yong	18,000,000	3.87
5.	Low Woo Swee @ Loh Swee Teck	11,147,000	2.39
6.	Phillip Securities Pte Ltd	8,235,010	1.77
7.	United Overseas Bank Nominees Pte Ltd	7,112,525	1.53
8.	Ng Ngee Hung	6,982,000	1.50
9.	OCBC Securities Private Ltd	6,310,000	1.36
10.	Gan Eng Thye	6,231,000	1.34
11.	Khoo Hwee San	6,000,000	1.29
12.	UOB Kay Hian Pte Ltd	5,020,000	1.08
13.	Tan Ong Huat	5,000,000	1.07
14.	Lee Teck Gee	4,854,000	1.04
15.	Khoo Thomas Clive	4,700,000	1.01
16.	Lee Siew Eng	3,800,000	0.82
17.	Chik Chooi Wah	3,500,000	0.75
18.	KGI Fraser Securities Pte Ltd	3,500,000	0.75
19.	DBS Nominees Pte Ltd	3,266,500	0.70
20.	Elizabeth Ooi Hean Gin	3,050,000	0.65
		232,386,035	**49.89**

INNOPAC HOLDINGS LIMITED

(Company Registration No.: 197301788K)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of the Company will be held at Suntec Singapore Convention and Exhibition Centre, Level 3, Room 335, 1 Raffles Boulevard, Suntec City, Singapore 039593, on 30 April 2015 at 2.00 p.m. to transact the following businesses:–

AS ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors and Financial Statements for the financial year ended 31 December 2014 together with the Auditors' Report thereon. [Resolution 1]

2. To re-elect Mr Ong Kah Hock as Director who retires pursuant to Article 106 of the Articles of Association. [Resolution 2]

   Mr Ong Kah Hock is an independent director and will, upon re-election as a Director of the Company, continues to serve as a member of the Nominating and Remuneration Committee and the chairman of the Audit Committee.

3. To re-appoint Dato' Moehamad Izat Bin Achmad Habechi Emir as a Director of the Company, to hold office until the date of the next Annual General Meeting pursuant to Section 153(6) of the Companies Act, Cap. 50: [Resolution 3]

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Dato' Moehamad Izat Bin Achmad Habechi Emir be and is hereby re-appointed as a Director of the Company, to hold office until the date of the next Annual General Meeting."

4. To approve the payment of Directors' fees of up to S$140,000 for the year ending 31 December 2015. [2014: S$109,260] [Resolution 4]

5. To re-appoint Messrs Moore Stephens LLP, Public Accountants and Chartered Accountants, as Auditors and to authorise the Directors to fix their remuneration. [Resolution 5]

6. To transact any other business.

AS SPECIAL BUSINESS

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

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

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

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

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

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

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of SGX-ST; and

(c) any subsequent consolidation or subdivision of shares;

(iii) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (i)]

8. Authority to issue shares under the Innopac Share Option Scheme and the Innopac Performance Share Scheme [Resolution 7]

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

BY ORDER OF THE BOARD

STANLEY CHU KAM PO
Company Secretary

Singapore, 15 April 2015

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS TO BE PASSED

(i) The proposed Resolution 6, if passed, will empower the Directors of the Company from the date of this Annual General Meeting ("AGM") until the date of the next AGM, to allot and issue new shares not exceeding 50% of the total number of the issued shares in the capital of the Company. For issue of shares, other than on a pro rata basis to shareholders of the Company, the aggregate number of shares to be issued shall not exceed 20% of the total number of issued shares in the capital of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company.

(ii) The proposed Resolution 7, if passed, will empower the Directors of the Company, from the date of this Meeting until the date of the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total 15% of the total number of issued shares in the capital of the Company for the time being pursuant to the exercise of the options or the vesting of the awards under the Schemes.

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of *his/her holding to be represented by each proxy.*

3. A proxy need not be a member of the Company.

4. A corporation, which is a member of the Company, may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

5. The instrument appointing a proxy must be deposited at the registered office of the Company, at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 not less than 48 hours before the time appointed for holding the meeting.

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INNOPAC HOLDINGS LIMITED

[Company Registration No. 197301788K]

PROXY FORM

*I/We, ______________________________ (Name) ______________________ (NRIC/Passport No.)

of ____

being a member/members of the abovenamed Company, hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings

and/or (delete as appropriate)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held on Thursday, 30 April 2015 at 2.00 p.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions	For	Against
1	Adoption of the Report of the Directors and Audited Accounts for the financial year ended 31 December 2014		
2	Re-election of Mr Ong Kah Hock as Director		
3	Re-appointment of Dato' Moehamad Izat Bin Achmad Habechi Emir as Director		
4	Approve payment of Directors' fees of up to S$140,000 for the year ending 31 December 2015		
5	Re-appointment of Auditors and fixing their remuneration		
6	Authority to Directors to issue shares		
7	Authority to issue shares under the Innopac Share Option Scheme and Innopac Performance Share Scheme		

(Please indicate with a cross (X) in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this __________ day of _______________ 2015.

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless the member specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 190 Middle Road, #19-07 Fortune Centre, Singapore 188979 not less than 48 hours before the time appointed for the Annual General Meeting.

Fold along this line (1)

Affix
Postage
Stamp

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

Fold along this line (2)

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
8. 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 a member whose shares are 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/her name in the Depository Register as at 48 hours before the time appointed for holding the annual general meeting as certified by The Central Depository (Pte) Limited to the Company.

InnoPac

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Singapore 188979
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