



**Compact Metal Industries Ltd**  
**Annual Report 2015**



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## **Compact Metal Industries Ltd** is an established manufacturer and marketer of aluminum extrusions.

Our core competencies are as follows:

- Design value-added fabrication and installation of aluminum windows, doors, space frames, skylights, grills, sun shades, curtain wall and aluminum cladding.
- Manufacturer of high-quality extruded aluminium sections for architectural and precision engineering.
- Manufacturer and assembly of proprietary design-based aluminum framing systems; of railings and louvers.
- Manufacturer of composite aluminum core panels for roofing and claddings.



# Chairman's Statement



## Dear Shareholders

On behalf of the Board of Directors, I hereby present the performance of the Group for the financial year ended 31 December 2015.

## BUSINESS PERFORMANCE

The financial year ended 2015 turned out to be another challenging year for the Group. Despite the increase in revenue, the Group reported a loss before tax of \$6.9 million in FY2015 compared to a loss before tax of \$9.2 million in FY2014. This was mainly due to lower margins as more low margins projects were executed during the year. The Group also suffered from unrealised exchange losses from our subsidiaries due to depreciation of Ringgit against SGD. These unrealised exchange losses arose from the translation of intercompany balances.

Revenue increased by 5% from \$33.1 million for the year ended 31 December 2014 to \$34.9 million for the year ended 31 December 2015. The increase was mainly due to more ongoing projects during the year. Our Project Division contributed an increase of \$4.3 million from \$16.5 million in FY2014 to \$20.8 million in FY2015. However, revenue from Aluminium extrusion and related products decreased by \$2.5 million from \$16.6 million in FY2014 to \$14.1 million in FY2015.

During the year, the Group has announced that it had incorporated subsidiaries International Cement Kazakhstan Pte. Ltd. and Alacem LLP in Singapore and Kazakhstan respectively for the diversification into Cement business. The Group intends to construct a new plant in Kazakhstan for the production and sales of cement in Almaty Region, Kazakhstan, and has placed \$6.7 million as deposits to a contractor for the construction of plant and purchasing of equipment and machinery. Barring unforeseen circumstances, the plant is to be operational in the second half of 2017 and is slated for cement production capacity of

3,200 tonne per day. This plant is situated in the region of China's One Belt, One Road (Silk Road) strategy with US\$40 billion in infrastructure projects committed by the China-led Silk Road Infrastructure Fund.

Although the operating environment continue to be difficult, we will continue to be prudent in our operating costs structure and improve productivity and efficiency to our operations.

## BUSINESS OUTLOOK

As at 31 December 2015, the Group has in hand order book of \$27.6 million. The Group expects the operating environment to remain difficult and will continue to take steps to maintain control over costs.

The Company was included on the Watch-List pursuant to Rule 1311 of the Listing Manual on 4 March 2015 as it had 3 years of consecutive losses. The Company has 24 months from 4 March 2015 to fulfil the requirements under Rule 1314 of the SGX-ST.

On 3 March 2016, the Company was also included in the Minimum Trading Price Watch-List and has 36 months from 3 March 2016 to meet the requirements of Listing Rule 1314(2).

We will continue to provide updates on the financial position and future directions of the Group, and endeavour to meet the requirements of Rule 1314 of the SGX-ST listing rules.

On 16 November 2015, the Company announced to undertake an internal restructuring exercise to migrate the Company's shareholders interest in the capital of the Company to the capital of a newly incorporated investment holding company. The proposed restructuring will segregate the different businesses of the Group, achieve ease and flexibility to acquire or divest businesses, protect the listed entity from the operating entities operating risks, and position the Group for growth.

## ACKNOWLEDGEMENTS

Lastly, I would like to take this opportunity to thank my shareholders, customers, suppliers, subcontractors for their support during the year. I look forward to your continued support and confidence in Compact Group.

I would also like to take this opportunity to express my appreciation to my fellow Board members for their contributions and guidance, and to our dedicated staff for their hard work.

Yours sincerely

**Ma Zhaoyang**  
Chairman



## 尊敬的股东

我谨代表集团董事会全体董事，欣然为你呈现集团截至2015年12月31日的财政年度报告。

## 经营业绩

2015财政年度又是另一挑战的一年。尽管营业收入增加，集团在2015年税前损失了\$690万相比2014年的\$920万税前损失。这主要是由于更多较低利润项目在年期间进行。另外，令吉兑新元大幅度贬值，这也让集团遭受了汇率损失。令吉贬值造成子公司未实现的汇兑损失。

营业收入增加了5%，从2014年的\$3310万增加到2015年的\$3490万。增加是由于进行的工程项目增加了。我们的项目收入增加了\$430万，从2014年的\$1650万增加到2015年的\$2080万。然而，铝及相关的产品的收入下跌了\$250万，从2014年的\$1660万下降到2015年的\$1410万。

年内，该集团为了开阔水泥业务也在新加坡和哈萨克斯坦成立了International Cement Kazakhstan Pte Ltd 和 Alacem LLP 子公司。集团打算在哈萨克斯坦的阿拉木图地区建造一座新厂生产和销售水泥，并预付了\$670万作为建设和购买设备和机械款。该厂将会在2017年下半年投入运营，有每天可以生产3200吨水泥的产能。新厂将会建于在中国400亿美金基金“一路一带”战略的地区。

虽然经营环境继续有困难，我们会继续注意我们经营成本构成和提高生产率和效率。

## 商业前景

截至2015年12月31日，集团在手头上的订单总价值为\$2760万。集团预计经营环境会继续艰难但会采取措施来控制成本。

在2015年3月4日，根据上市手册规则1311，公司因为连续亏损了3年而被列入观察名单。公司要在24个月之内履行新交所规则1314的要求才能脱离观察名单。

在2016年3月3日，公司也被列入了最低交易价格观察名

单，有36个月来履行新交所规则1314的要求才能脱离观察名单。

我们将继续提供更新的财务状况和集团未来方向，并且尽力满足规则1314的要求。

在2015年11月16日，公司宣布将会进行内部的重组，将公司的股东迁移到新近成立的投资控股公司。同时也将集团内的不同业务分离、这能更容易和灵活的收购或处置业务，保护上市公司从经营单位经营风险，定位增长。

## 致谢

最后，我想借此机会感谢我的股东、客户、供应商、分包商在这一年的支持。我期待您的继续支持和对集团的信心。

我也想藉此机会向我的董事会成员，感谢他们的贡献和指导，以及我们全体员工的辛勤工作表示感谢。

马朝阳  
主席



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## Board of Directors

### 1 MR. MA ZHAOYANG

age 48, is the Chairman and Executive Director of Compact Metal Industries Ltd. He was appointed on 13 November 2014 and was last re-elected on 27 April 2015. Mr. Ma, is currently a non-executive director of West China Cement Limited (WCC), a company listed on the Hong Kong stock exchange in 2010. WCC specialises in producing and distributing cement products and is one of the leading cement producers in Shaanxi Province.

Mr. Ma also holds directorships in listed companies in other countries and industries. Since 2009, Mr. Ma has been the chairman and director of Sino Vanadium Inc., a vanadium mining company listed on the TSX Venture Exchange in Canada but was privatised in 2012. He has also been acting as a non-executive director of Tiahua PLC, a pharmaceutical company listed on the London Stock Exchange since 2006.

Mr. Ma obtained his master degree and doctorate in Management in May 1998 and April 2009 respectively from Northwestern Polytechnic University (Shaanxi, China). He has also been an associate professor of management in the university since 1996.

### 2 MR. ZHANG ZENGTAO

age 33, is the Company's Executive Director and Managing Director. He was appointed on 13 November 2014 and was re-elected on 27 April 2015. He has direct and relevant experience and management expertise in the cement business gained through his years as an employee of the WCC group of companies.

Mr. Zhang has taken on different roles in Yaobai Special Cement Group Co., Ltd (Yaobai), WCC's wholly-owned subsidiary from 2007 to 2014, where he has achieved extensive experience in the management of the Cement Business.

Mr. Zhang graduated in October 2011 from Xi'an Jiaotong University with a Master of Business Administration.

### 3 MR. CHNG BENG HUA

age 51, is the Executive Director cum Chief Executive Officer ("CEO") of the Company. He was appointed as a Director of the Company on 16 February 2007 and was re-elected on 25 April 2014. He was also the Deputy Chairman until 19 April 2008. He is

currently a member of the Nominating Committee. He holds a degree in Business Administration (Finance) from the University of Texas, Austin, U.S.A.. Mr Chng has many years of experience in finance and in real estate development business. Mr Chng is also an Independent Director of Hong Leong Finance Limited and a member of its Audit Committee.

### 4 MR. KAN AH CHYE

age 70, was appointed as an Independent Director on 5 May 2008 and was last re-elected on 27 April 2015. He holds an Honours Degree in Economics and Accounting from the University of Malaya. He was a corporate banker for over 25 years before his retirement. He also possesses experience in Investment Banking as well as property development. He is the Chairman of the Audit Committee and the Remuneration Committee and a member of the Nominating Committee. Mr Kan is also an independent director of Equation Summit Ltd.

### 5 MS. LISA SAM HUI MIN

age 43, was appointed as an Independent Director on 31 October 2011 and was re-elected on 25 April 2014. She is the Chairman of the Nominating Committee and a member of Audit Committee and Remuneration Committee. Ms. Sam is the Managing Partner of Lisa Sam & Company and has a whole range of experience and practice on litigation and advisory matters. Ms. Sam had previously practiced in both large-and medium-sized law firms in Singapore and had undertaken cases involving diverse areas of law such as agency law, constructive trusts, negotiable instruments, property law and company law, and building and construction disputes. Lisa was admitted as an advocate and solicitor of the Supreme Court in 1997 and is a barrister-at-law of England and Wales. She is a member of the Law Society of Singapore and an Associate Mediator with the Singapore Mediation Centre.

### 6 MR. SIN EE WUEN

age 38, was appointed as a Non Independent Non executive Director on 1 May 2015. He is a member of the Audit Committee and Remuneration Committee. He is also the Property Development Director of Sysma Holdings Ltd. Before joining Sysma in May 2014, he was a Category A pilot for Republic of Singapore Air Force.





Turnover for the Project Division in year 2015 was **\$20.8 million** as compared to **\$16.5 million** in 2014. The Project Division has an order book of **\$19.1 million** as at 31<sup>st</sup> December 2015 with the majority of the secured projects from HDB public housing projects.



The public housing projects are anticipated to moderate in 2016 in consideration of a more stabilised public housing market. The public sector's largest developer, HDB has offered 15,000 residential units in 2015 and is expected to supply 18,000 residential units in 2016.

The private sector's developers are likely to adopt a cautious stance amid a slowdown in private home sales and global economic uncertainties.

The Project Division will continue to focus on its core business of aluminium windows and doors for residential projects in both the public and private sectors.



## PROJECTS COMPLETED IN 2014

1. HDB project at SengKang Neighbourhood 4 Contract 24
2. HDB project at Punggol East Contract 34
3. HDB project at Woodlands Neighbourhood 3 Contract 14
4. DBSS @ Pasir Ris One
5. HDB project at Tampines Neighbourhood 8 Contract 30
6. HDB project at Toa Payoh Contract 8 A/B
7. Executive Condominium @ CityLife, Tampines
8. Palaccio Terrace Houses at Teluk Kurau Lorong M

## ON-GOING PROJECTS IN 2015

1. HDB project at Ang Mo Kio Neighbourhood 4 Contract 25
2. HDB project at Queenstown Redevelopment Contract 25A
3. HDB project at Hougang Neighbourhood 4 Contract 20
4. HDB project at Choa Chu Kang Neighbourhood 8 Contract 6
5. HDB project at SengKang Neighbourhood 2 Contract 43A
6. HDB project at Yishun Neighbourhood 5 Contract 1
7. HDB project at Woodlands Neighbourhood 7 Contract 34

8. HDB project at Woodlands Neighbourhood 6 Contract 22
9. HDB project at Punggol East Contract 35
10. HDB project at Bukit Batok Neighbourhood 4 Contract 13
11. HDB project at Woodlands Neighbourhood 6 Contract 6
12. HDB project at Toa Payoh Neighbourhood 2 Contract 23A
13. HDB project at Jurong West Neighbourhood 1 Contract 29B
14. HDB project at Jurong West Neighbourhood 1 Contract 32
15. HDB project at Dawson Contract 6
16. HDB project at Dawson Contract 7
17. HDB project at Hougang Neighbourhood 9 Contract 20
18. HDB project at SengKang Neighbourhood 3 Contract 28
19. HDB project at Yishun Neighbourhood 4 Contract 19

## NEWLY AWARDED PROJECTS IN 2016

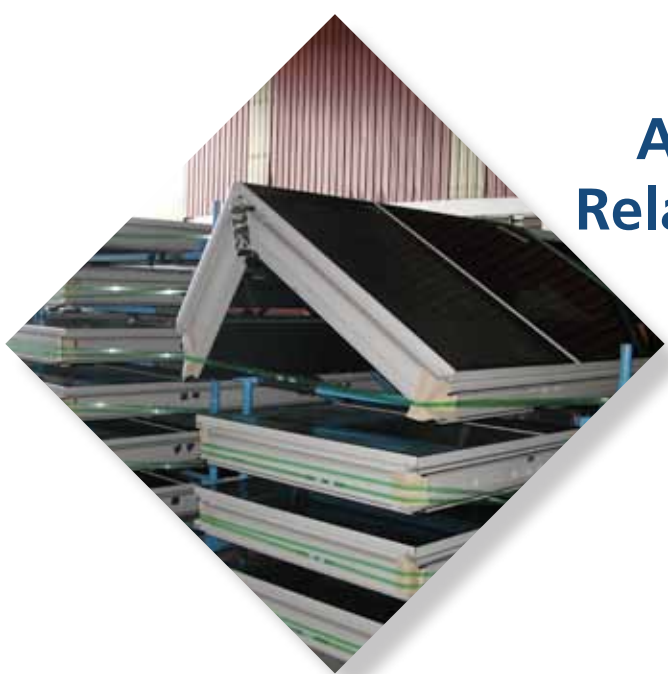
1. HDB project at Clementi Neighbourhood 4 Contract 11
2. HDB project at Choa Chu Kang Neighbourhood 1 Contract 15
3. HDB project at SengKang Neighbourhood 4 Contract 30



The sales turnover for Aluminium Extrusion and Related Products Division was **\$14.1 million** for year 2015 (FY 2014: **\$16.6 million**)



# Aluminium Extrusion & Related Products Division



The sales turnover for Aluminium Extrusion and Related Products Division was \$14.1 million for year 2015 in comparison with \$16.6 million in year 2014.

The Aluminium Extrusion and Related Products Division have embarked on the following projects in 2015:

1. Aluminium Cladding works to the commercial building at Punggol Water Town
2. Aluminium Architectural Feature Works to HDB projects at Bukit Merah Contract 52 and SengKang Neighbourhood 4 Contract 19
3. Aluminium Roofing Works to Pedestrian Over-Head Bridge LTA Contracts ER432 and ER472
4. Aluminium Railing LTA Contracts TR211 and TR212
5. Aluminium Curtain Wall System to Educational Building at Moore College, Australia

## EXTRUSION PLANT AT PASIR GUDANG, JOHOR BAHRU

The Pasir Gudang Plant has been strategised to be a formidable force in the production of aluminium extruded sections serving both the local and overseas markets. With the new re-smelting facility in operation, it is capable of producing quality secondary aluminium recycled billets to achieve a lower cost efficiency. The Plant also provides the anodising process finishes on the surfaces of aluminium extruded sections. This has greatly heighten our transformation of the Pasir Gudang Plant as the reliable and reputable One Stop Aluminium Extrusion provider in the Johor state.

## FABRICATION PLANT AT SEDENAK, JOHOR BAHRU

The Sedenak Plant undertakes the intra-companies value-added fabrication works for the Compact Metal Group of companies. The plant is actively engaged and extending supports in the fabrication of aluminium windows, doors, curtain walls, cladding and roofing panels. This plant also render supports in the Fluorocarbon PVDF2 and Powder Coating process on the surface finishes of the aluminium extruded sections and aluminium panels.

## TRADING HUB AT SINGAPORE

This is the trading arm of Compact Metal Group of companies dealing with various types and ranges of aluminium extruded sections and related products. It engages in the sales of aluminium extrusions, aluminium panels and associated architectural aluminium feature products for the residential and commercial development projects, pedestrian safety railing for Land Transport Authority projects as well as for the export market of aluminium extruded sections and curtain wall frame-work system complete with glazing panel for overseas projects.





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## 1 MR. POR CHOON SENG

is the Chief Operating Officer of Compact Metal Group of companies. He oversees the day to day operations of Selaco Aluminium Berhad, Compact Metal Industries Sdn Bhd, Integrate Pte Ltd and Compact Metal Industries Ltd. He has more than 20 years marketing and operational experience in aluminium windows, doors, curtain walls, claddings and related aluminium architectural products. He holds a Bachelor and a Master degree in Civil Engineering from the National University of Singapore.

## 2 MR. HENG FOOK CHANG

is appointed as Chief Financial Officer ("CFO") of the group. He has the responsibility to oversee the finance and reporting function of the group. He has more than 10 years of experience in finance and accounting. He is a member of the Institute of Singapore Chartered Accountants.

## 3 MR. CHNG BENG LEONG

was appointed as Chief Administrative Officer on 01 November 2013. Mr Chng holds a degree in Computer Science from the University of Texas at Austin, U.S.A.. He is a director of several private limited companies with principal business in real estate.

## 4 MR. TANG THIAN FOOK

is the General Manager of Compact Metal Industries Sdn. Bhd. (Kulai, Johor) subsidiary of Compact Metal Industries Ltd. He joined Compact Group in March 1990 with a Diploma in Architectural and has over 20 years experience in Aluminium Industry.

## 5 MS. ZHAO YUANYUAN

is appointed as Legal Manager. She graduated from Renmin University of China in the year of 2007, has obtained a Master's degree in law, also graduated from Northwest University of Politics & Law, has obtained a Bachelor's degree in law in 2003.

She passed the bar exam in 2005 and worked as a lawyer for 7 years since 2007, including 4 years at Beijing Zhongzi Law Office and 3 years at Beijing Zongheng Law firm.

She has extensive experience advising on foreign investment, M&A and IPOs.

# Corporate Structure

## Singapore

100%  
Compact Metal Ind. Pte Ltd

100%  
Aluform Marketing Pte Ltd

100%  
Integrate Private Limited

100%  
Integrate Marketing Pte Ltd

100%  
FacadeMaster Pte Ltd

70%  
AEL Enviro (Asia) Pte. Ltd

100%  
International Cement  
Investment Pte Ltd

100%  
International Cement  
Kazakhstan Pte Ltd

## Kazakhstan

60%  
Alacem LLP

## Malaysia

100%  
Compact Metal Industries  
Sdn. Bhd.

98.2%  
Selaco Aluminium Berhad

Project

Aluminum Extrusion &  
Related Products

Develop prototype of  
equipment to generate  
electricity

Cement

## Corporate Data

### BOARD OF DIRECTORS

Ma Zhaoyang, Chairman  
Zhang Zengtao, MD  
Chng Beng Hua, CEO  
Kan Ah Chye @ Kan Poh Thong (Lead ID)  
Lisa Sam Hui Min (ID)  
Sin Ee Wuen (appointed on 1 May 2015) (NINED)

### AUDIT COMMITTEE

Kan Ah Chye @ Kan Poh Thong, Chairman  
Lisa Sam Hui Min  
Sin Ee Wuen

### NOMINATING COMMITTEE

Lisa Sam Hui Min, Chairman  
Kan Ah Chye @ Kan Poh Thong  
Ma Zhaoyang

### REMUNERATION COMMITTEE

Kan Ah Chye @ Kan Poh Thong, Chairman  
Lisa Sam Hui Min  
Sin Ee Wuen

### COMPANY SECRETARIES

Ang Siew Koon  
Heng Fook Chang

### REGISTERED OFFICE

120 Pioneer Road  
Singapore 639597  
Tel : (65) 6863 3268  
Fax : (65) 6863 3968

### REGISTRAR

M&C Services Private Limited  
112 Robinson Road #05-01  
Singapore 069802

### AUDITORS

KPMG LLP  
Chartered Accountants  
Singapore  
(Partner In-Charge : Mr Gerald Low Gin Cheng, with effect  
from financial year ended 31 December 2012)  
16 Raffles Quay #22-00  
Hong Leong Building,  
Singapore 048581



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The Board of Directors (“the Board”) of Compact Metal Industries Ltd (“CMIL” or “the Company”) believes that good corporate governance is essential to the long term sustainability of the Company’s business and performance. The Company is committed to maintaining a high standard of corporate governance within the Group to ensure transparency, accountability and protection of shareholders’ interest.

This report describes the Company’s corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the revised Code of Corporate Governance 2012 (the “Code”), and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”). In the opinion of the Board, the Company has generally complied with the guidelines as set out in the Code during the financial year ended 31 December 2015 (“FY2015”). Where there are any deviations from the Code, appropriate explanations are provided.

## A. BOARD MATTERS

### Principle 1: Board’s Conduct of its Affairs

The Board oversees the Group’s overall policies, strategies, key operational initiatives, performance and measurement, internal control and risk management. The Board has a list of reserved matters that requires the approval of the Board. The reserved matters include the following:-

- The Group’s annual budget;
- Change in capital structure;
- Major funding;
- Acquisitions and disposal of assets;
- Mergers and joint ventures;
- Quarterly and full year results announcement;
- Interested person transactions of a material nature;
- Appointment of directors and key executives;
- Remuneration of the executive directors and key executives;
- Payment of interim dividend;
- Recommendation to the shareholders on the payment of non-executive directors’ fee, re-election and re-appointment of directors, appointment of external auditors, payment of final dividend;
- Material announcements; and
- Corporate governance practices.

The Board meets on a regular basis and such scheduled meetings coincide with the announcement of the Group’s quarterly results. In addition to the scheduled meetings, ad-hoc Board meetings are also convened as and when they are deemed necessary in between the scheduled meetings. There is a provision under Article 111 of the Company’s Constitution for the Directors to convene meetings by way of tele-conference, video conference or other similar means. When a meeting is not possible, timely communication with members of the Board is achieved through electronic means and the circulation of written resolutions for approval by the relevant members of the Board.

To assist in the execution of its responsibilities and in the discharge of its oversight functions, the Board is supported by three Board Committees namely, the Nominating Committee, the Remuneration Committee and the Audit Committee. Each committee has its own set of written Terms of Reference which clearly spells out the objectives, duties, powers, responsibilities as well as qualifications for committee membership.

The attendance of each Board member at the meetings of the Board and Board Committees in respect of FY2015 are as follows:-

Name of Directors	Board	Audit Committee	Nominating Committee	Remuneration Committee
Ma Zhaoyang	6	-	2	-
Zhang Zengtao	4	-	-	-
Chng Beng Hua	7	-	-	-
Kan Ah Chye @ Kan Poh Thong	6	3	2	1
Lisa Sam Hui Min (Lisa Cen Huimin)	7	4	2	1
Sin Ee Wuen (Xian Yiwen)*	3	3	-	-
Number of meetings held	7	4	2	1

\* Appointed on 01 May 2015

During the financial year, one new Director was appointed. A formal letter of appointment was given to the newly appointed Director explaining his duties and responsibilities. The newly appointed Director was given briefing on the business activities and the governance practices of the Company. He was also invited to visit the plants/factories within the Group to understand the operations.

The Directors are encouraged to attend trainings and participate in seminars to continuously upgrade themselves, at the cost of the Company. If there is any change in the existing rules of the Listing Manual, Companies Act, the Code, the Directors will be updated by the secretary at the quarterly Board meeting. The Directors, who are members of the Audit Committee, will also be updated on any change in the financial reporting standards by the external auditors at the quarterly Audit Committee meeting.

## Principle 2: Board Composition and Guidance

The Board comprises six Directors, two of whom are independent:-

Ma Zhaoyang – Executive Director and Chairman

Zhang Zengtao – Executive Director and Managing Director

Chng Beng Hua – Executive Director cum Chief Executive Officer

Kan Ah Chye @ Kan Poh Thong – Lead Independent Director

Lisa Sam Hui Min (Lisa Cen Huimin) – Independent Director

Sin Ee Wuen (Xian Yiwen) – Non-Independent Non-Executive Director (Appointed on 01 May 2015)

The criterion of independence is based on the guidelines provided by the Code. The independence of each Independent Director is assessed at least annually by the Nominating Committee. The Board's composition, size and balance are also reviewed annually by the Nominating Committee to ensure that the Board has the core competencies for effective decision-making. The Board comprises individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge.

The Company maintains a satisfactory independent element on the Board by having two Independent Directors out of a total of six Board members. It is in compliance with the Guideline 2.1 of the Code where at least one-third of the Board has to be independent. As the Company's Chairman is not an Independent Director, pursuant to the Code, half of the Board has to be independent. Guideline 2.2 of the Code also recommends that, where the Chairman of the Board is not an Independent Directors, at least half of the Board should be independent. The NC is of the view that although the Independent Directors do not currently make up half of the Board, all the Directors have debated rigorously on the subject matters tabled at the Board meetings held in FY2015, regardless of whether they were independent or not. The Board is aware that the recommendation is for the Company to comply with the Guideline 2.2 no later than by the Annual General Meeting ("AGM") following the end of its financial year commencing on or after 01 May 2016.



## Principle 3: Chairman and Chief Executive Officer

Mr Ma Zhaoyang is the Executive Chairman of the Board and Mr Chng Beng Hua is the Chief Executive Officer ("CEO") of the Company. The roles of the Chairman and CEO are separate and their responsibilities are clearly defined to ensure a check and balance of power and authority.

The Chairman will, amongst other responsibilities, lead the Board, ensure effective communication with shareholders, encourage constructive relationship between the Board and the Management, as well as between the Board members, and promote high standards of corporate governance. The CEO manages the business of the Company and implements the Board's decisions.

As the Board Chairman is not an Independent Director, the Board has appointed Mr Kan Ah Chye @ Kan Poh Thong as the Lead Independent Director. Shareholders with concerns may contact the Lead Independent Director directly, when contact through the normal channel via the Chairman and the CEO has failed to provide a satisfactory resolution or when such contact is inappropriate.

## Principle 4: Board Membership

The Nominating Committee ("NC"), regulated by a set of written terms of reference endorsed by the Board, comprises a majority of independent directors including its Chairman:

Lisa Sam Hui Min (Lisa Cen Huimin) – Chairman, Independent Director  
 Kan Ah Chye @ Kan Poh Thong – Member, Independent Director  
 Ma Zhaoyang – Member, Non-Independent, Executive Director

The functions of the NC include, amongst others:

- (a) Reviewing and recommending the (i) Board succession plans of the Directors, in particular the Chairman and CEO, (including Independent Directors) taking into consideration each Director's contribution and performance; (ii) the development of a process for evaluation of the performance of the Board of Directors, the board committees and Directors; (iii) the review of training and professional development programmes for the Board of Directors; (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable);
- (b) Reviewing annually the composition of the Board to ensure that our Board has an appropriate balance of expertise, skills, attributes and abilities;
- (c) Determining annually whether or not a Director is independent in accordance with the Code and any other salient factors;
- (d) Reviewing and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- (e) Reviewing and approving of any new employment of related persons and the proposed terms of their employment; and
- (f) Evaluating the performance and effectiveness of the Board as a whole.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of his or her re-election as Director.

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates. Based on the profile submitted, the NC will meet with the candidate for a chat to have a better understanding of the candidate. The NC will consider amongst others, the qualification, experience and qualities of the candidate and the requirement of the Board at that point in time. This is to ensure that the Board comprises members with different expertise and perspectives having come from different background, for a more balanced Board.

Pursuant to Article 100 of the Company's Constitution, every Director is required to retire from office once every three years. The Company's Constitution also provides that one-third of the Directors have to retire at the Annual General Meeting ("AGM").

Mr Sin Ee Wuen (Xian Yiwen) was newly appointed during the year. Pursuant to Article 104 of the Company's Constitution, he will have to retire at the forthcoming Annual General Meeting. Pursuant to Article 100, Mr Chng Beng Hua and Ms Lisa Sam Hui Min (Cen Huimin) shall retire at the forthcoming Annual General Meeting by rotation. These three Directors, being eligible, have offered themselves for re-election. In this regard, the NC, having considered the attendance and participation of the Directors at the Board and Board Committee meetings, in particular, their contribution to the business and operations of the Company, has recommended their re-election.

The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is five. All Directors have complied with this guideline.

None of the Independent Directors had served on the Board for more than 9 years.

## Principle 5: Board Performance

The Board acknowledges the importance of a formal assessment of Board performance. It has adopted a formal system of evaluating Board performance with the use of evaluation forms to assess the effectiveness of the Board and Board Committees and the contribution by each Director. All Directors are required to complete the evaluation questionnaire annually. The company secretary compiles the Directors' responses to the evaluation forms into a consolidated report. The report is reviewed at the NC meeting and then reported to the Board.

The evaluation of the Board's performance as a whole deals with matters on Board composition, information flow to the Board, Board procedures and Board accountability. The criteria for the evaluation of individual director include amongst others, attendance at meetings, directors' duties and know-how and interaction with fellow directors. The Board Committees' evaluation deals with the efficiency and effectiveness of each committee in assisting the Board. And finally, the evaluation of the Board covers the Board contribution to the testing and development of strategy, ensuring effective risk management, the Board's response to problems and crisis, etc.

The evaluation of Board performance is conducted annually to identify areas of improvement and as a form of good Board management practice. The performance evaluation for FY2015 was conducted in February 2016 and the results were presented to the NC for discussion. The NC was satisfied that the Board had been effective as a whole and that each and every Director had contributed to the effective functioning of the Board and the Board Committees. In addition, the NC was also satisfied that sufficient time and attention had been given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations.

## Principle 6: Access to Information

Board members are provided with complete, adequate and timely information on Board affairs and issues that require the Board's attention and decision. All Directors have independent access to the Group's senior management and the company secretary. All Directors are provided with adequate information prior to Board Meetings and on an ongoing basis. The information provided includes, amongst others, background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements.

As a general rule, board papers are sent to Directors one week in advance in order for Directors to be adequately prepared for the meeting. As and when there are important matters that require the Directors' attention, the information will be furnished to the Directors as soon as practicable.

The company secretary and her assistant provide secretarial support to the Board which includes attendance at Board and Board Committee meetings, ensuring that meeting procedures are followed and that the relevant rules and regulations of the Companies Act and the Listing Manual of the SGX-ST ("Listing Manual") which are applicable to the Company are adhered to.

Pursuant to the Company's Constitution, the decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

If the Directors need independent professional advice to fulfill their duties, such advice will be obtained from the professional entity approved by the Board and the cost of such professional advice will be borne by the Company.

## B. Remuneration Matters

### Principle 7: Procedures for developing remuneration policies

### Principle 8: Level and mix of remuneration

### Principle 9: Disclosure on remuneration

The Remuneration Committee ("RC"), regulated by a set of written terms of reference endorsed by the Board, comprises a majority of independent directors including its Chairman:

Kan Ah Chye @ Kan Poh Thong – Chairman, Independent Director

Lisa Sam Hui Min (Lisa Cen Huimin) – Member, Independent Director

Sin Ee Wuen (Xian Yiwen) – Member, Non-Independent Non-Executive Director (appointed on 01 May 2015)

The role of the RC is to review and recommend to the Board, in consultation with the Chairman of the Board, a framework of remuneration for the Directors and key executives of the Group, and to determine specific remuneration packages for each executive director. The RC's objective is to establish and maintain an appropriate and competitive level of remuneration to attract, retain and motivate directors and key executives.

The RC had recommended an amount of \$112,000 as Directors' fees to be paid to the Independent Directors for the financial year ending 31 December 2016. The Board had concurred with the RC's recommendation and this resolution has been tabled for shareholders' approval at the Company's forthcoming AGM. Each of the RC members had abstained from deliberating and voting on his or her own remuneration.

## Disclosure on Remuneration

Due to competitive reason, the Board has decided against disclosing the remuneration figures of the Directors to the nearest one thousand as prescribed in the Code.

A breakdown showing the level and mix of each individual Director's remuneration (in bands of \$250,000) for the year ended 31 December 2015 is disclosed in the table below:

Name of Director	Remuneration Band	Salary %	Bonus %	Directors' Fees %	Total %
Ma Zhaoyang	\$250,000 – \$499,999	92	8	-	100
Zhang Zengtao		92	8	-	100
Chng Beng Hua		93	7	-	100
Kan Ah Chye @ Kan Poh Thong	\$0 – \$249,999	-	-	100	100
Lisa Sam Hui Min (Lisa Cen Huimin)		-	-	100	100
Sin Ee Wuen (Xian Yiwen) (appointed on 01 May 2015)		-	-	100	100



## Remuneration Bands of top four key executives (who are not directors)

Name of Executive	Remuneration Band	Salary %	Bonus %	Total
Heng Fook Chang	\$0 - \$249,999	92	8	100
Por Choon Seng		92	8	100
Chng Beng Leong <sup>(1)</sup>		92	8	100
Tang Thian Fook		92	8	100

(1) Mr Chng Beng Leong is the brother of Mr Chng Beng Hua

(2) The Company only have four key executives in FY2015.

Notwithstanding Guidelines 9.3 of the Code, the Company is disclosing the remuneration of only four (4) key executives because the Company had such a number of personnel who had been determined to be key executives. The details of the employee's remuneration who is an immediate family member of the director and CEO have been disclosed in the Remuneration Band of top four executives. The Company opined that this is sufficient for the purpose and that the disclosure is consistent with the other three key executives. There is no other employee who has relationship with any of the substantial shareholders, directors or the CEO other than Mr Chng Beng Leong.

For financial year ended 2015, the aggregate total remuneration paid to the top 4 key management personnel amounts to \$586,000.

## C. ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

In the discharge of its duties to the shareholders, the Board seeks to provide shareholders with an analysis, explanation and assessment of the Group's performance, financial position and prospects when reporting quarterly and full year financial results.

All the Directors are provided with management accounts and such explanation and information on a quarterly basis. Invitations have also been extended to all the Directors to attend the discussion of the monthly results.

### Principle 11: Risk Management and Internal Controls

#### *Risk Management*

The Board had assessed and decided not to established a separate Board Risk Committee to carry out its responsibility of helping the Board in the overseeing of the Group's risk management framework and policies. Instead, this responsibility is assumed by the Audit Committee.

The Company had engaged an external consultant to assist the Management in the setting up of the Enterprise Risk Management ("ERM") system and framework. The ERM system and framework established is embedded in the internal control system of the Group.

#### *Internal Controls*

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the shareholders' interest and investments and the Group's assets. The Board recognizes that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has internal control systems and processes which it considers to be sufficient having regard to the size of the Group and the complexity of its operations. The Board has also received assurance from the CEO and the Chief Financial Officer (“CFO”) confirming that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company’s operations and finances; and
- (b) the Company’s risk management and internal control systems are effective.

Based on the internal controls established and maintained by the Group, work performed by the external auditors, reviews performed by the Management, various Board Committees and the Board, and the assurance from the CEO and the CFO, the Board with the concurrence of the AC, is of the opinion that the Group’s internal controls addressing key financial, operational, compliance, and risk management systems were adequate and effective as at 31 December 2015. The Group will review its internal control systems and processes on an on-going basis and make further improvements when necessary.

## Principle 12: Audit Committee (“AC”)

The AC comprises the following Directors, all of whom are non-executive and the majority of whom, including the Chairman of the AC are independent:

Kan Ah Chye @ Kan Poh Thong – Chairman, Independent Director

Lisa Sam Hui Min (Lisa Cen Huimin) – Member, Independent Director

Sin Ee Wuen (Xian Yiwen) – Member, Non-Independent Non-Executive Director (appointed on 01 May 2015)

The AC has adopted written terms of reference defining its membership, administration and duties. Duties and responsibilities of the AC include:

- (a) reviewing with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management’s response;
- (b) reviewing the financial statements of the Company including quarterly and full year results before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- (c) reviewing the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Company, the AC would keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- (d) reviewing the internal control procedures and ensure co-ordination between the external auditors and our management, and review the assistance given by our management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss in the absence of our management at least annually;
- (e) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group’s operating results or financial position, and our management’s response;
- (f) reviewing the independence and objectivity of the external auditors annually;
- (g) considering the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;
- (h) reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

- (i) reviewing potential conflicts of interest, if any;
- (j) undertaking such other reviews and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (k) generally undertaking such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time.

The AC met 4 times during the financial year. The meetings were attended by the CEO, Chief Financial Officer and the external auditors on the invitation of the AC. During these meetings the consolidated quarterly and full year financial statements of the Group, including announcements to the SGX-ST were reviewed by the AC prior to submission to the Board for adoption. The AC met once with the external auditors and internal auditors separately during the financial year without the presence of the Management. The AC has full access to and the co-operation of the Management. The external auditors have unrestricted access to the AC.

The AC had reviewed the non-audit services performed by the external auditors for FY2015 and was of the opinion that the provision of such services had not affected the independence of the external auditors. The external auditors had affirmed their independence in this respect.

The aggregate amount of fees paid / payable by the Group to the Company's external auditors are as follows:-

	<b>Financial Year Ended 31 December 2015 \$'000</b>
Audit Services	183
Non-audit Services	19
	<u>202</u>

The AC has recommended the re-appointment of KPMG LLP as the Company's external auditors for the financial year ending 31 December 2016 for shareholders' approval at the forthcoming AGM of the Company.

The Company has appointed KPMG LLP Singapore as the auditors of all significant incorporated subsidiaries except the following Singapore incorporated subsidiaries and other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries:-

- Compact Metal Ind. Pte Ltd
- Aluform Marketing Pte Ltd
- FacadeMaster Pte Ltd
- Integrate Marketing Pte Ltd
- AEL Enviro (Asia) Pte Ltd.

Both the AC and Board had reviewed the appointment of different auditors for the subsidiaries and were satisfied that the appointment of different auditors had not compromised the standard and effectiveness of the audit of the Company and the Group.

The Company also confirmed that foreign-incorporated subsidiaries which were audited by auditors other than KPMG LLP were not significant subsidiaries as defined in the SGX-ST Listing Manual.

The Company has complied with Rule 712 and Rule 715 or 716 in relation to its auditors.

In addition, the AC reviewed interested person transactions in accordance with Chapter 9 of the SGX-ST's Listing Manual to satisfy itself that the terms of the transactions are on an arms' length basis.

The Management has put in place a whistle-blowing policy duly endorsed by the AC and approved by the Board where employees of the Group are aware of and can access the appropriate person to raise concerns about possible improprieties in matters of financial management and reporting or other matters.



## Principle 13: Internal Audit

The internal audit function of the Company is outsourced to an external consulting firm, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC approved the hiring, removal, evaluation and compensation of the consulting firm. Based on risk assessment performed, greater emphasis and appropriate internal review are planned for high risk areas and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The internal audit plans are reviewed and approved by the AC annually.

The Internal Audit methodology adopted by our internal auditors is consistent with the requirements of The Institute of Internal Auditors.

The AC is satisfied that the Internal Audit Function is adequately resourced and is independent of the activities it audits.

## D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Principle 14: Shareholder Rights

### Principle 15: Communication with Shareholders

The Company values transparent and timely communication with the shareholders. To ensure that shareholders are kept informed of the Group's development and performance, timely and adequate disclosure is made to the public via the SGXNET in compliance with SGX-ST guidelines.

### Principle 16: Conduct of Shareholder Meetings

Participation of shareholders is encouraged at the Company's general meetings. The Board of Directors (including the Chairman of the respective Board committees), the Management, as well as the external auditors will attend the Company's AGM to address any questions that the shareholders may have. The minutes of the general meetings will be made available to the shareholders upon request.

## ADDITIONAL INFORMATION

## E. DEALING IN SECURITIES

The Company has adopted an internal compliance code that meets the requirement of Rule 1207(19) of the SGX-ST's Listing Manual with respect to dealings in securities by Directors and key executives of the Group. Directors and key executives who have access to price-sensitive, financial or confidential information are prohibited to deal in the Company's shares during the period commencing two weeks before quarterly announcement and one month before the full year announcement, as the case may be, and ending on the date of announcement of such financial results.

The Directors and key executives of the Group are also required to observe insider trading laws at all times even when dealing in securities within permitted trading period. In addition, the Directors and key executives of the Group are discouraged from dealing in the Company's securities on short term considerations.

## F. INTERESTED PERSON TRANSACTIONS

The AC and Board reviewed all interested party transactions for the financial year ended 31 December 2015 and was satisfied that the aggregate value of the transactions is below the threshold level as set out in the SGX-ST's Listing Manual and do not require announcement or shareholders' approval.

Name of interested person	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 (excluding transaction less than \$100,000)
	Nil	Nil

## G. MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Board or controlling shareholders during the financial year that is required to be disclosed under Rule 1207(8) of the SGX-ST Listing Manual.

## USE OF PROCEEDS

In FY2015, the Company has utilised the proceeds as shown below:-

	\$'000
Net proceeds from Right Issue	18,323
Net proceeds from Private Placement of 160,000,000 shares of \$0.05 each	7,970
Less: Use of proceeds	
Construction cost (including cost of material for construction and construction services) and equipment and machinery for the new cement plant and business	(6,666)
Balance of net proceeds	19,627

The Board will continue to make periodic announcements on the utilization of the balance of the proceeds as and when the proceeds are materially disbursed.

# Properties Held as at 31 December 2015

Owned by	Location & description of property	Tenure	Land Area (sq. metres)	Built-up (sq. metres)
Compact Bricks Sdn Bhd	Lands, bricks and aluminium factories located off the 50km of Johor Bahru (Air hitam main road Mukim of sedenak), Johor, Malaysia. - PTD 7924 HS (D) 48619 - Aluminium factory - PTD 7924 HS (D) 48619 - Land	21 years till 30/10/2021	- 41,727	17,982 -
Compact Bricks Sdn Bhd	Land held under H.S.(M) 2388 PTD 6956 Mukim of Sedenak, Kulai, Johor, Malaysia.	99 years till 11/04/2085	8,094	-
Compact Metal Industries Sdn Bhd	3 room walk up apartment at Parcel No 3-5B2, Level 3, Block B, Taman Cheng Ria, Malacca. PT 346 and 348, HS(D) 23952 and 23954 Mukim of Bertam, District of Melaka Tengah, Malaysia.	99 year till 27/09/2092	-	80
Selaco Aluminium Bhd	Industrial land and building at Plo 280, Jalan Timah Pasir Gudang Industries Estate, Johor. Mukim of Plentong, Lot PTD 22767, HS(D) 238671, Malaysia.	60 years till 23/03/2040	8,094	5,538
Selaco Aluminium Bhd	Industrial land & building at Plo 248, Jalan Timah Pasir Gudang Industrial Estate, Johor. Mukim PTD 84902 HS(D) 153369, Malaysia.	60 years till 16/01/2049	4,047	2,530
Selaco Aluminium Bhd	One unit single storey intermediate terrace house at No. 3 Jalan 10/3, Perjiranan 10, Pasir Gudang, Johor. HS(D) 69535, Lot PTD 64640, Mukim of Plentong, Malaysia	99 years till 06/05/2082	143	92
Selaco Aluminium Bhd	8 units of terrace house at Taman Mawar, Pasir Gudang, Johor. Lot PTD 110688 to 110695, Mukim of Plentong, Malaysia.	99 years till 03/02/2092	1 Unit of 306 M <sup>2</sup> & 7 Units of 143 M <sup>2</sup> per unit	85.65 M <sup>2</sup> per unit
Selaco Aluminium Bhd	Shop department at No. F-1-46B, Jalan PJU 10/10F, Saujana Damasara, PJU 10, 47830 Petaling Jaya, Selangor, Malaysia.	99 years till 16/08/2100	-	62
Selaco Aluminium Bhd	Condo Unit 1.02, Sinaran Ukay Condominium, Jalan BU 1/1, Taman Bukit Antarabangsa, 68000 Ampang, Selangor, Malaysia.	99 year till 03/08/2098	-	106
Ratus Project Sdn Bhd	MLO 9009, HSD 15955, Mukim of Plentong, District of Johor Bahru, Johor, Malaysia.	Freehold	2,841	-



We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages 30 to 82 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

## Directors

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

Ma Zhaoyang  
 Zhang Zengtao  
 Chng Beng Hua  
 Kan Ah Chye @ Kan Poh Thong  
 Lisa Sam Hui Min (Lisa Cen Huimin)  
 Sin Ee Wuen (Xian Yiwen) (Appointed on 1 May 2015)

## Directors' interests

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Compact Metal Industries Ltd		
<b>Ma Zhaoyang</b>		
Ordinary shares		
- deemed interests	117,500,000	117,500,000
Warrants	120,500,000	120,500,000
<b>Zhang Zengtao</b>		
Ordinary shares		
- deemed interests	117,500,000	117,500,000
Warrants	120,500,000	120,500,000
<b>Chng Beng Hua</b>		
Ordinary shares		
- interest held	9,500,000	9,500,000
- deemed interests	5,000,000	5,000,000
Warrants	2,500,000	2,500,000

By virtue of Section 7 of the Act, all of the above directors are deemed to have interests in the other subsidiaries of Compact Metal Industries Ltd, all of which are wholly-owned, at the beginning and at the end of the financial year.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

## Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

## Audit Committee

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

Kan Ah Chye @ Kan Poh Thong	(Chairman), Independent, Non-Executive Director
Lisa Sam Hui Min (Lisa Cen Huimin)	Independent, Non-Executive Director
Sin Ee Wuen (Xian Yiwen)	Non-Independent, Non-Executive Director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee met during the financial year to discuss the scope of work of the statutory auditors, the results of their examination and evaluation of the Company's internal accounting control system. The Audit Committee reviewed the assistance provided by the Company's officers to the statutory auditors. The quarterly financial information and annual financial statements of the Group and the Company were reviewed by the Audit Committee prior to the submission to the directors of the Company for adoption. The Audit Committee also reviewed the interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

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

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

## **Auditors**

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

On behalf of the Board of Directors

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**Ma Zhaoyang**  
Director

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**Chng Beng Hua**  
Director

24 March 2016

Members of the Company  
Compact Metal Industries Ltd

## Report on the financial statements

We have audited the accompanying financial statements of Compact Metal Industries Ltd ('the Company') and its subsidiaries ('the Group'), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 30 to 82.

### *Management's responsibility for the financial statements*

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

### *Auditor's responsibility*

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

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

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



## *Opinion*

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

## **Report on other legal and regulatory requirements**

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

## **KPMG LLP**

Public Accountants and  
Chartered Accountants

## **Singapore**

24 March 2016

# Statements of Financial Position

As at 31 December 2015

		Group		Company	
	Note	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	4	8,380	9,661	400	232
Investment properties	5	92	94	–	–
Subsidiaries	6	–	–	2,431	2,720
Trade and other receivables	7	3,345	3,961	3,716	3,660
Prepaid lease	13	–	–	–	–
		11,817	13,716	6,547	6,612
<b>Current assets</b>					
Inventories	8	8,480	12,123	765	1,177
Trade and other receivables	7	12,773	8,402	35,549	27,645
Other investments	10	2	2	1	1
Cash and cash equivalents	11	34,209	33,480	28,158	29,244
Assets held for sale	12	–	1,746	–	–
		55,464	55,753	64,473	58,067
<b>Total assets</b>		67,281	69,469	71,020	64,679
<b>Equity attributable to equity holders of the Company</b>					
Share capital	14	139,447	131,094	139,447	131,094
Capital reserve	15	404	404	–	–
Revaluation reserve	15	2,475	2,779	–	–
Currency translation reserve	15	(6,819)	(4,139)	–	–
Accumulated losses		(76,707)	(70,820)	(110,979)	(108,578)
		58,800	59,318	28,468	22,516
<b>Non-controlling interests</b>	16	(3,418)	(3,092)	–	–
<b>Total equity</b>		55,382	56,226	28,468	22,516
<b>Non-current liabilities</b>					
Loans and borrowings	17	7	30	7	30
Long-term payables	18	810	674	754	618
Deferred tax liabilities	19	163	297	–	–
		980	1,001	761	648
<b>Current liabilities</b>					
Trade and other payables	20	8,014	7,219	39,124	36,771
Provision for warranties	21	969	992	748	721
Loans and borrowings	17	1,856	3,700	1,856	3,697
Current tax payable		80	331	63	326
		10,919	12,242	41,791	41,515
<b>Total liabilities</b>		11,899	13,243	42,552	42,163
<b>Total equity and liabilities</b>		67,281	69,469	71,020	64,679

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

# Consolidated Statement of Profit or Loss

Year ended 31 December 2015

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	Note	2015 \$'000	2014 \$'000
Revenue	22	34,851	33,052
Other income		4,233	2,211
Changes in inventories of work-in-progress and finished goods		(2,943)	(3,075)
Raw materials and consumables used		(15,185)	(12,827)
Staff and related costs		(10,914)	(9,549)
Depreciation of property, plant and equipment	24	(1,105)	(1,177)
Impairment loss on property, plant and equipment	24	(783)	(4,490)
Other operating expenses		(15,067)	(13,418)
<b>Results from operating activities</b>		<b>(6,913)</b>	<b>(9,273)</b>
Finance income	23	176	129
Finance costs	23	(122)	(58)
<b>Net finance income</b>		<b>54</b>	<b>71</b>
<b>Loss before tax</b>	24	<b>(6,859)</b>	<b>(9,202)</b>
Tax credit/(expense)	25	173	(210)
<b>Loss for the year</b>		<b>(6,686)</b>	<b>(9,412)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(6,357)	(6,692)
Non-controlling interests		(329)	(2,720)
<b>Loss for the year</b>		<b>(6,686)</b>	<b>(9,412)</b>
<b>Loss per share (cents)</b>			
- basic	26	(0.68)	(0.86)
- diluted	26	(0.68)	(0.86)

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

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Loss for the year		(6,686)	(9,412)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net surplus on revaluation of property, plant and equipment	4	218	296
Tax on net surplus on revaluation of property, plant and equipment		(52)	(71)
		166	225
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on monetary items forming part of net investment in foreign operations		(2,756)	(250)
Translation differences relating to financial statements of foreign subsidiaries		2,747	(110)
Realisation of foreign currency translation differences arising from liquidation of a subsidiary		(2,668)	–
		(2,677)	(360)
Other comprehensive income for the period, net of tax		(2,511)	(135)
Total comprehensive income for the year		(9,197)	(9,547)
Total comprehensive income attributable to:			
Owners of the Company		(8,871)	(6,827)
Non-controlling interests		(326)	(2,720)
Total comprehensive income for the year		(9,197)	(9,547)

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



# Consolidated Statement of Changes in Equity

Year ended 31 December 2015

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	Note	Share capital \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Total attributable to equity holders of the Company \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2014		129,102	404	2,714	(3,779)	(63,171)	65,270	(372)	64,898
<b>Total comprehensive income for the year</b>									
Loss for the year		-	-	-	-	(6,692)	(6,692)	(2,720)	(9,412)
<b>Other comprehensive income</b>									
Exchange differences on monetary items forming part of net investment in foreign operations		-	-	-	(250)	-	(250)	-	(250)
Realisation of revaluation reserve		-	-	(160)	-	160	-	-	-
Net surplus on revaluation on property, plant and equipment	4	-	-	296	-	-	296	-	296
Translation differences relating to financial statements of foreign subsidiaries		-	-	-	(110)	-	(110)	-	(110)
Tax on other comprehensive income		-	-	(71)	-	-	(71)	-	(71)
Total other comprehensive income		-	-	65	(360)	160	(135)	-	(135)
<b>Total comprehensive income for the year</b>									
		-	-	65	(360)	(6,532)	(6,827)	(2,720)	(9,547)
<b>Transactions with owners, recognised directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Issues of shares from warrants exercised		1,992	-	-	-	-	1,992	-	1,992
Dividends paid		-	-	-	-	(1,117)	(1,117)	-	(1,117)
Total transactions with owners		1,992	-	-	-	(1,117)	875	-	875
At 31 December 2014		131,094	404	2,779	(4,139)	(70,820)	59,318	(3,092)	56,226

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

# Consolidated Statement of Changes in Equity

Year ended 31 December 2015

Note	Share capital \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Total attributable to equity holders of the Company \$'000	Non- controlling interests \$'000	Total \$'000
At 1 January 2015	131,094	404	2,779	(4,139)	(70,820)	59,318	(3,092)	56,226
<b>Total comprehensive income for the year</b>								
Loss for the year	-	-	-	-	(6,357)	(6,357)	(329)	(6,686)
<b>Other comprehensive income</b>								
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	(2,756)	-	(2,756)	-	(2,756)
Realisation of foreign currency translation differences arising from liquidation of a subsidiary	-	-	-	(2,668)	-	(2,668)	-	(2,668)
Realisation of revaluation reserve	-	-	(470)	-	470	-	-	-
Net surplus on revaluation on property, plant and equipment	-	-	218	-	-	218	-	218
Translation differences relating to financial statements of foreign subsidiaries	-	-	(52)	2,744	-	2,744	3	2,747
Tax on other comprehensive income	-	-	-	-	-	(52)	-	(52)
Total other comprehensive income	-	-	(304)	(2,680)	470	(2,514)	3	(2,511)
<b>Total comprehensive income for the year</b>	-	-	(304)	(2,680)	(5,887)	(8,871)	(326)	(9,197)
<b>Transactions with owners, recognised directly in equity</b>								
Contributions by and distributions to owners								
Issue of ordinary shares	7,970	-	-	-	-	7,970	-	7,970
Issues of shares from warrants exercised	383	-	-	-	-	383	-	383
<b>Total transactions with owners</b>	8,353	-	-	-	-	8,353	-	8,353
At 31 December 2015	139,447	404	2,475	(6,819)	(76,707)	58,800	(3,418)	55,382

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

# Consolidated Statement of Cash Flows

Year ended 31 December 2015

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	Note	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>			
Loss for the year		(6,686)	(9,412)
Adjustments for:			
Depreciation of property, plant and equipment	24	1,105	1,177
Impairment loss on property, plant and equipment	24	783	4,490
Loss/(gain) on disposal of property, plant and equipment	24	7	(2)
Change in fair value of investment properties	24	(9)	(19)
Gain on liquidation of a subsidiary	24	(2,668)	–
Impairment loss on prepaid lease	24	–	3,726
Amortisation of prepaid lease	24	–	131
(Reversal of)/allowance for inventories obsolescence	24	(164)	297
Allowance for doubtful receivables	24	1,967	292
Gain on disposal of assets held for sale	24	(110)	–
Finance income	23	(176)	(129)
Finance costs	23	122	58
(Reversal of)/provision for warranties	24	(23)	41
Amortisation of deferred revenue	24	–	(804)
Tax (credit)/expense	25	(173)	210
		(6,025)	56
Changes in working capital:			
Inventories		4,292	331
Trade and other receivables		3,059	(714)
Trade and other payables		1,401	(363)
Cash generated from/(used in) operations		2,727	(690)
Tax refunded		45	11
Tax paid		(292)	(579)
<b>Net cash from/(used in) operating activities</b>		<b>2,480</b>	<b>(1,258)</b>
<b>Cash flows from investing activities</b>			
Interest received		176	129
Proceeds from sale of assets held for sale		524	–
Proceeds from sale of property, plant and equipment		8	19
Purchase of property, plant and equipment	4	(1,583)	(2,023)
Deposit placed for acquisition of property, plant and equipment		(6,666)	–
<b>Net cash used in investing activities</b>		<b>(7,541)</b>	<b>(1,875)</b>
<b>Cash flows from financing activities</b>			
Proceeds from trust receipts		6,712	5,494
Repayments of trust receipts		(8,547)	(3,336)
Decrease in deposit pledged		4	4,499
Interest paid		(122)	(58)
Payment of finance lease liabilities		(32)	(49)
Dividends paid to owners of the Company		–	(1,117)
Proceeds from allotment of shares		8,353	1,992
<b>Net cash from financing activities</b>		<b>6,368</b>	<b>7,425</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,307</b>	<b>4,292</b>
Cash and cash equivalents at beginning of the year		33,446	29,088
Effect of exchange rate fluctuations on cash held		(574)	66
<b>Cash and cash equivalents at end of the year</b>	11	<b>34,179</b>	<b>33,446</b>

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

# Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 March 2016.

## 1. Domicile and activities

Compact Metal Industries Ltd (the 'Company') is incorporated in Singapore. The address of the Company's registered office is 120 Pioneer Road, Singapore 639597.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The Group is primarily involved in the manufacture and sale of aluminium windows and doors, and investment holding.

## 2. Basis of preparation

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Use of estimates and judgements

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

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

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

#### ***Note 4 – Depreciation and impairment of property, plant and equipment***

The cost of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation, technological changes and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.



## 2. Basis of preparation (cont'd)

### 2.4 Use of estimates and judgements (cont'd)

#### ***Note 4 – Depreciation and impairment of property, plant and equipment (cont'd)***

The Group determines whether property, plant and equipment are impaired whenever indicators of impairment are identified. This requires an estimation of the fair value or value in use of the Group's individual assets or cash-generating units. Estimating the fair value requires the Group to estimate the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each asset or cash-generating unit and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

#### ***Note 6 – Allowance for impairment of investment in subsidiaries***

The Group evaluates, amongst other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows, to assess the recoverable amounts of its investments in its subsidiaries.

Differences between the actual performance of the subsidiaries or financial assets and management's annual impairment review will affect the results of the period in which such differences are determined. An increase in impairment losses will increase other operating expenses and decrease non-current assets.

#### ***Note 7 – Allowance for doubtful receivables (including accrued receivables)***

The Group maintains an allowance for doubtful receivables on the estimated losses resulting from the subsequent inability of the Group's customers to make required payments, at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the individual accounts. Management specifically analyses accounts receivables and analyses historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's allowance for doubtful receivables would increase the Group's recorded other operating expenses and decrease current assets.

#### ***Note 8 – Allowance for inventory obsolescence***

A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the Group's products. Possible changes in these estimates could result in revisions to the valuation of inventory. An increase in the Group's allowance for inventory obsolescence would increase the Group's recorded operating expenses and decrease current assets.

#### ***Note 21 – Provision for warranties***

The Group makes judgement and estimates the liability to repair or replace products still under warranty at the reporting date. Provision is calculated based on past historical experience of the level of repairs and replacements.

The Group measures the provisions at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilises different estimates. An increase in the Group's provision for warranties would increase the Group's recorded operating expenses and increase current liabilities.

## 2. Basic ad preparation (cont'd)

### 2.4 Use of estimation and judgement (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### ***Note 22 – Construction contracts***

The Group uses the percentage-of-completion method in accounting for its contract revenue where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the survey of works performed.

Significant judgement is required in determining the estimated total contract revenue and contract costs, as well as the recoverability of and foreseeable losses relating to the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making the judgement, the Group relies on past experience and the work of specialists. The amount and timing of recorded revenue and raw materials and consumables used would differ if the Group made different judgements.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

### 3.1 Basis of consolidation

#### ***Business combinations***

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

## 3. Significant accounting policies (cont'd)

### 3.1 Basis of consolidation (cont'd)

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

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

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

#### ***Subsidiaries***

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

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

#### ***Transactions eliminated on consolidation***

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

#### ***Accounting for subsidiaries in the separate financial statements***

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

### 3.2 Foreign currency

#### ***Foreign currency transactions***

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

### 3. Significant accounting policies (cont'd)

#### 3.2 Foreign currency (cont'd)

##### *Foreign operations*

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

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

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

#### 3.3 Financial instruments

##### *Non-derivative financial assets*

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

##### *Financial assets at fair value through profit or loss*

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



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

## 3. Significant accounting policies (cont'd)

### 3.3 Financial instruments (cont'd)

#### *Non-derivative financial assets (cont'd)*

##### *Loans and receivables*

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

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

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

#### *Non-derivative financial liabilities*

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

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

Financial liabilities comprise loans and borrowings, long-term payables and trade and other payables.

#### *Share capital*

##### *Ordinary shares*

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

### 3.4 Property, plant and equipment

#### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for leasehold properties, which are measured at revalued amounts.

The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

### 3. Significant accounting policies (cont'd)

#### 3.4 Property, plant and equipment (cont'd)

##### ***Recognition and measurement (cont'd)***

When property, plant and equipment are revalued, the Group has elected to eliminate any accumulated depreciation at the date of the revaluation against the cost of the property, plant and equipment so that the revised cost of the property, plant and equipment at the date of revaluation equals the relevant revalued amount.

Any increase in the revaluation amount is credited to other comprehensive income and presented within equity, in revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in the profit or loss. A decrease in value is recognised in the profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred to accumulated losses.

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

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

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

##### ***Subsequent costs***

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

##### ***Depreciation***

Construction-in-progress is not depreciated and is carried at cost less accumulated impairment losses until construction or development is completed.

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

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

## 3. Significant accounting policies (cont'd)

### 3.4 Property, plant and equipment (cont'd)

#### *Depreciation (cont'd)*

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

Leasehold properties	over the lease term
Plant and machinery	5 to 23 years
Furniture and fittings	3 to 10 years
Motor vehicles	5 years
Computers	3 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

### 3.5 Prepaid lease

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

Land premium prepayment is stated at cost less accumulated amortisation and accumulated impairment losses. The land premium is amortised on a straight-line basis over its lease term of 30 years.

### 3.6 Investment properties

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. 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 and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in revaluation reserve is transferred to retained earnings.

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.

### 3. Significant accounting policies (cont'd)

#### 3.7 Leased assets

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

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

#### 3.8 Inventories

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

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

#### 3.9 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of inventories in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as 'excess of progress billings over work-in-progress' within trade and other payables in the statement of financial position.

#### 3.10 Impairment

##### ***Non-derivative financial assets***

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

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

## 3. Significant accounting policies (cont'd)

### 3.10 Impairment (cont'd)

#### *Loans and receivables*

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (eg. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment properties and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated by reducing the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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



### 3. Significant accounting policies (cont'd)

#### 3.11 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

##### *Short-term employee benefits*

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

#### 3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

##### *Warranties*

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

#### 3.13 Sale and leaseback

A sale and leaseback transaction involves the sale of an asset and the leaseback of the same asset.

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately.

#### 3.14 Revenue

##### *Sales of goods*

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

## 3. Significant accounting policies (cont'd)

### 3.14 Revenue (cont'd)

#### *Sales of goods (cont'd)*

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

#### *Construction contracts*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit and loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

#### *Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

### 3.15 Lease payments

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

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

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

### 3.16 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense from banks and hire purchase creditors and are recognised in the profit or loss using the effective interest method.

### 3.17 Assets held for sale

Assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies.

### 3. Significant accounting policies (cont'd)

#### 3.17 Assets held for sale (cont'd)

Thereafter, the assets are generally measured at the lower of its carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

#### 3.18 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future and taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

#### 3.19 Earnings per share

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

## 3. Significant accounting policies (cont'd)

### 3.20 Segment reporting

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

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly trust receipts and deferred tax liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

### 3.21 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements.

These new standards include, among others, FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts, INT FRS 113 Customer Loyalty Programmes, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.
- FRS 109 replaces most of the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will replace the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group will be assessing the potential impact on its financial statements. The Group does not plan to adopt these standards early.

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

# Notes to the Financial Statements

## 4. Property, plant and equipment

	(At valuation)	<-----At cost----->					
Group	Leasehold properties \$'000	Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000	Construction-in-progress \$'000	Total \$'000
<b>Valuation/Cost</b>							
At 1 January 2014	5,718	31,673	1,900	1,837	1,080	6,704	48,912
Additions	-	613	47	-	38	1,325	2,023
Disposals/Write-offs	-	(548)	-	(92)	-	-	(640)
Surplus on revaluation	296	-	-	-	-	-	296
Elimination of accumulated depreciation and impairment loss on revaluation	(381)	-	-	-	-	-	(381)
Translation differences on consolidation	(148)	(301)	(12)	(10)	1	(101)	(571)
At 31 December 2014	5,485	31,437	1,935	1,735	1,119	7,928	49,639
<b>At 1 January 2015</b>	5,485	31,437	1,935	1,735	1,119	7,928	49,639
Additions	-	626	17	250	61	629	1,583
Disposals/Write-offs	-	(9,345)	(252)	(110)	(423)	-	(10,130)
Surplus on revaluation	218	-	-	-	-	-	218
Elimination of accumulated depreciation and impairment loss on revaluation	(370)	-	-	-	-	-	(370)
Translation differences on consolidation	(684)	(1,724)	(68)	(50)	1	(550)	(3,075)
At 31 December 2015	4,649	20,994	1,632	1,825	758	8,007	37,865



## 4. Property, plant and equipment (cont'd)

	(At valuation) Leasehold properties \$'000	<-----At cost----->					Total \$'000
		Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000	Construction- in-progress \$'000	
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2014	-	30,469	1,814	1,612	1,011	753	35,659
Depreciation for the year	381	656	34	72	34	-	1,177
Impairment loss for the year	-	-	-	-	-	4,490	4,490
Disposals/Write-offs	-	(532)	-	(91)	-	-	(623)
Elimination of accumulated depreciation and impairment loss on revaluation	(381)	-	-	-	-	-	(381)
Translation differences on consolidation	-	(287)	(12)	(10)	1	(36)	(344)
At 31 December 2014	-	30,306	1,836	1,583	1,046	5,207	39,978
<b>At 1 January 2015</b>							
Depreciation for the year	-	30,306	1,836	1,583	1,046	5,207	39,978
Impairment loss for the year	370	576	26	98	35	-	1,105
Disposals/Write-offs	-	634	-	-	-	149	783
Elimination of accumulated depreciation and impairment loss on revaluation	-	(9,323)	(251)	(110)	(423)	-	(10,107)
Translation differences on consolidation	(370)	-	-	-	-	-	(370)
	-	(1,586)	(67)	(50)	1	(202)	(1,904)
At 31 December 2015	-	20,607	1,544	1,521	659	5,154	29,485
<b>Carrying amounts</b>							
At 1 January 2014	5,718	1,204	86	225	69	5,951	13,253
At 31 December 2014	5,485	1,131	99	152	73	2,721	9,661
At 31 December 2015	4,649	387	88	304	99	2,853	8,380

# Notes to the Financial Statements

## 4. Property, plant and equipment (cont'd)

	<-----At cost----->				
	Plant and machinery \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
<b>Company</b>					
<b>Cost</b>					
At 1 January 2014	9,512	321	821	602	11,256
Additions	35	41	–	23	99
At 31 December 2014	9,547	362	821	625	11,355
Additions	–	3	241	56	300
Disposals/written off	(9,322)	(251)	(60)	(349)	(9,982)
At 31 December 2015	225	114	1,002	332	1,673
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2014	9,511	294	669	572	11,046
Depreciation for the year	1	4	52	20	77
At 31 December 2014	9,512	298	721	592	11,123
Depreciation for the year	7	10	87	28	132
Disposals/written off	(9,322)	(251)	(60)	(349)	(9,982)
At 31 December 2015	197	57	748	271	1,273
<b>Carrying amounts</b>					
At 1 January 2014	1	27	152	30	210
At 31 December 2014	35	64	100	33	232
At 31 December 2015	28	57	254	61	400

- (a) Leasehold properties of the Group measured at valuation were revalued as at 31 December 2015 based on valuations performed by VPC Alliance (JB) Sdn. Bhd., firm of independent professional valuers, utilising an open market value on an existing use basis. The revaluation surpluses (net of tax) of \$166,000 (2014: \$225,000) were recognised in the revaluation reserve of the Group.

The carrying amount of leasehold properties of the Group (measured at revalued amounts) would have been \$1,834,000 (2014: \$2,216,000) had the leasehold properties been carried at cost less accumulated depreciation.

- (b) Plant and equipment with the following net book values were acquired under finance lease arrangements:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Plant and machinery	27	38	–	–
Motor vehicles	37	67	37	67
	64	105	115	67

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of \$1,583,000 (2014: \$2,023,000) and \$300,000 (2014: \$99,000).

#### 4. Property, plant and equipment (cont'd)

##### *Impairment loss*

##### *Plant and machinery*

During the year, continued operating losses were incurred at the cash-generating units located in Malaysia of the aluminium extrusions, related products segment and project segment. Accordingly, the Group performed impairment assessments to determine the recoverable amounts of the plant and equipment for these operations. The recoverable amounts of the relevant plant and equipment have been determined based on valuation reports obtained from an independent professional valuer.

Based on the impairment assessments performed in the current year, the carrying amounts of the relevant plant and equipment of \$1,775,000 (2014: \$1,713,000) respectively were determined to be lower than their recoverable amounts. Accordingly, impairment losses of \$634,000 were recognised in current year (2014: \$Nil).

##### *Construction-in-progress*

Construction-in-progress relates to a freehold land used for a construction project that had been shelved indefinitely. The Group performed an impairment assessment to determine the recoverable amount of the freehold land. The recoverable amount of the freehold land has been determined based on a valuation report obtained from VPC Alliance (KL) Sdn Bhd., a firm of independent professional valuers that has appropriate recognised qualifications and recent experience in the location and category of the land being valued.

Based on the impairment assessment performed in the current year, the carrying amount of the land of \$2,720,000 (2014: \$2,720,000) was determined to be lower than its recoverable amount. Accordingly, an impairment loss of \$149,000 was recognised in the current year (2014: \$Nil).

#### 5. Investment properties

	Note	Group 2015 \$'000	2014 \$'000
At 1 January		94	639
Changes in fair value	24	9	19
Reclassification to assets held for sale	12	–	(550)
Translation differences on consolidation		(11)	(14)
At 31 December		92	94

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period ranging from 1 to 3 years. No contingent rents are charged.

In 2014, the Group entered into sales and purchase agreements with unrelated parties to dispose certain subsidiaries' investment properties located in Malaysia. Accordingly, the Group reclassified certain investment properties to assets held for sale.

The investment properties are revalued as at 31 December 2015 by VPC Alliance (KL) Sdn. Bhd., a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

# Notes to the Financial Statements

## 6. Subsidiaries

	Company	
	2015	2014
	\$'000	\$'000
Unquoted shares, at cost	25,862	31,048
Impairment losses	(23,431)	(28,328)
	<u>2,431</u>	<u>2,720</u>
Quasi-equity loan to subsidiaries, at cost	19,423	37,024
Impairment losses	(19,423)	(37,024)
	<u>-</u>	<u>-</u>
	<u>2,431</u>	<u>2,720</u>

As at the reporting date, the Company carried out a review on the recoverable amount of its investments in subsidiaries. Where impairment indicators exist, the recoverable amount of the relevant investments in subsidiaries has been determined based on the estimated fair value of the respective net assets at the reporting date (i.e. fair value less cost to sell). During the year, an impairment loss of \$418,000 (2014: \$6,811,000) had been recorded as the recoverable amounts were determined to be lower than the Company's carrying amounts of investment in the respective subsidiaries.

During the year, the Company had completed the liquidation of a subsidiary that had been fully impaired in prior years. Previously recognised impairment loss of \$22,916,000 (2014: \$Nil) had been utilised and was included in the loss on liquidation of the subsidiary.

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Effective equity held by the Group	
		2015	2014
		%	%
<b>Subsidiaries of Compact Metal Industries Ltd</b>			
FacadeMaster Sdn. Bhd. <sup>(2)</sup>	Malaysia	100	100
Compact Metal Ind. Pte Ltd <sup>(4)</sup>	Singapore	100	100
Compact Hotel Sdn. Bhd. <sup>(7)</sup>	Malaysia	100	100
Aluform Marketing Pte Ltd <sup>(4)</sup>	Singapore	100	100
Compact Metal Industries Sdn. Bhd. and its subsidiaries <sup>(2)</sup>	Malaysia	100	100
Integrate Private Limited <sup>(1)</sup>	Singapore	100	100
PT. Cakra Compact Aluminium Industries <sup>(6)</sup>	Indonesia	-	100
Selaco Aluminium Berhad <sup>(2)</sup>	Malaysia	98.2	98.2
FacadeMaster Pte Ltd and its subsidiary <sup>(4)</sup>	Singapore	100	100
Ratus Projek Sdn Bhd <sup>(3)</sup>	Malaysia	100	100
AEL Enviro (Asia) Pte Ltd <sup>(4)</sup>	Singapore	70.0	70.0
International Cement Investment Pte Ltd <sup>(1)</sup>	Singapore	100	-
<b>Subsidiaries of Compact Metal Industries Sdn. Bhd.</b>			
Compact Bricks Sdn. Bhd. <sup>(3)</sup>	Malaysia	100	100
Aluform Marketing Sdn. Bhd. <sup>(7)</sup>	Malaysia	60.9	60.9

## 6. Subsidiaries (cont'd)

Name of subsidiaries	Place of incorporation and business	Effective equity held by the Group	
		2015 %	2014 %
<b>Subsidiary of Integrate Pte Ltd</b> Integrate Marketing Pte Ltd <sup>(4)</sup>	Singapore	100	100
<b>Subsidiary of FacadeMaster Pte Ltd</b> FacadeMaster Philippines Inc. <sup>(5)</sup>	Philippines	100	100
<b>Subsidiary of International Cement Investment Pte Ltd</b> International Cement Kazakhstan Pte Ltd <sup>(1)</sup>	Singapore	100	–
<b>Subsidiary of International Cement Kazakhstan Pte Ltd</b> Alacem LLP <sup>(8)</sup>	Kazakhstan	60.0	–

<sup>(1)</sup> Audited by KPMG LLP, Singapore

<sup>(2)</sup> Audited by KPMG Malaysia, a member firm of KPMG International

<sup>(3)</sup> Audited by CSY & Associates (formerly known as Atarek Choong, Malaysia)

<sup>(4)</sup> Audited by Ecovis Trustnet Alliance, Singapore

<sup>(5)</sup> Not required to be audited by law

<sup>(6)</sup> Liquidated on 2 February 2015

<sup>(7)</sup> In the process of striking off

<sup>(8)</sup> Audited by KPMG Kazakhstan, a member firm of KPMG International

KPMG LLP Singapore is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.



# Notes to the Financial Statements

## 7. Trade and other receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	10,077	11,341	3,710	2,876
Accrued receivables	3,864	4,362	3,271	3,604
Allowance for doubtful receivables	(5,477)	(4,174)	(2,089)	(547)
	8,464	11,529	4,892	5,933
Other receivables and deposits	7,275	464	76	50
Amounts due from subsidiaries (non-trade)	–	–	81,118	79,525
Loan due from a subsidiary	–	–	585	–
Allowance for doubtful receivables	–	–	(47,435)	(54,232)
	–	–	34,268	25,293
Loans and receivables	15,739	11,993	39,236	31,276
Prepayments	379	370	29	29
Net receivables	16,118	12,363	39,265	31,305
Non-current	3,345	3,961	3,716	3,660
Current	12,773	8,402	35,549	27,645
	16,118	12,363	39,265	31,305

Accrued receivables represent retention sums and value of goods delivered or installed at customers' premises for which invoices have yet to be raised.

Retention sums of \$3,345,000 (2014: \$3,961,000) are amounts withheld by main contractors until the successful completion of the project work. These amounts are only receivable upon completion of the construction contract and the defects liability period, which normally takes longer than a year to complete. Retention sums are denominated in Singapore dollars.

The amounts due from subsidiaries are unsecured, repayable on demand and interest-free. The loan due from a subsidiary is unsecured, interest-free and repayable on or before 11 August 2021.

The Group and Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 29.

## 8. Inventories

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Raw materials		5,631	9,657	1,223	1,431
Work-in-progress		797	1,420	–	–
Finished goods		3,005	1,985	67	44
		9,433	13,062	1,290	1,475
Allowance for inventories obsolescence		(1,305)	(1,484)	(796)	(796)
		8,128	11,578	494	679
Construction work-in-progress	9	352	545	271	498
		8,480	12,123	765	1,177

## 8. Inventories (cont'd)

The Group recognises allowance on obsolete inventories when inventory items are identified as obsolete. Obsolescence is based on the physical and internal condition of inventory items and is established when these inventory items are no longer marketable. Obsolete inventory items when identified are written off to profit or loss. In addition to an allowance for specifically identified obsolete inventory, allowances are also estimated based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence in a given year. The Group reviews on a regular basis the condition of its inventories.

## 9. Construction work-in-progress

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Costs incurred and attributable profits		4,399	4,666	2,952	3,689
Progress billings		(4,047)	(4,121)	(2,681)	(3,191)
		352	545	271	498
Comprising:					
Construction work-in-progress	8	352	545	271	498

## 10. Other investments

The Group designates quoted equity securities as financial assets at fair value through profit and loss.

## 11. Cash and cash equivalents

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and in hand	8,928	8,506	2,907	4,308
Fixed deposits	25,281	24,974	25,251	24,936
	34,209	33,480	28,158	29,244
Deposits pledged	(30)	(34)	–	–
Cash and cash equivalents in the statement of cash flows	34,179	33,446	28,158	29,244

The weighted average effective interest rates per annum relating to cash and cash equivalents at the reporting date for the Group and Company are 0.69% (2014: 0.49%). Interest rates reprice at intervals of less than twelve months, upon maturity of the fixed deposits.

The Group's fixed deposits of \$30,000 (2014: \$34,000) are pledged with financial institutions as securities for banker guarantees.

# Notes to the Financial Statements

## 12. Assets held for sale

	Note	Group 2015 \$'000	2014 \$'000
At 1 January		1,746	1,196
Disposal of assets		(1,746)	–
Reclassification from investment properties	5	–	550
At 31 December		–	1,746

On 7 August 2012 and 16 November 2012, the Group entered into sale and purchase agreements with unrelated parties to dispose certain property, plant and equipments in its subsidiaries located in Indonesia and Malaysia respectively. These property, plant and equipment were presented as assets held for sale and were presented as part of the aluminium related products and investment holding segments. In 2013, the Group completed the sale of certain assets held for sale located in Indonesia.

In 2014, certain investment properties were reclassified to assets held for sale following the sales and purchase agreements to sell certain investment properties to unrelated parties.

In 2015, the Group completed the sale of the remaining assets and recognised a gain on sale of \$110,000 in other income in the consolidated statement of profit or loss.

## 13. Prepaid lease

	Note	Group \$'000
<b>Cost</b>		
At 1 January 2014, 31 December 2014 and 31 December 2015		3,906
<b>Accumulated amortisation</b>		
At 1 January 2014		49
Amortisation charge for the year	24	131
Impairment loss for the year	24	3,726
At 31 December 2014 and 31 December 2015		3,906
<b>Carrying amounts</b>		
At 1 January 2014		3,857
At 31 December 2014 and 31 December 2015		–

The prepaid lease relates to the leasehold land that was acquired for the construction of the RF Induced Plasma Plyrolysis Tyre Plant. The lease term is for the period of 30 years which commenced from 15 August 2013 and expires on 15 August 2043.

In 2014, an impairment loss of \$3,726,000 had been recorded as the Group had decided to shelve the construction and its related project indefinitely.

## 14. Share capital

	Company No. of shares	
	2015 ('000)	2014 ('000)
<b>Fully paid ordinary shares, with no par value:</b>		
At 1 January	800,348	700,768
Issued for cash	160,000	–
Issue of shares from warrants exercised	19,168	99,580
At 31 December	979,516	800,348

In 2015, the Company issued 19,168,000 (2014: 99,580,000) new ordinary shares as a result of the warrants exercised at an exercise price of \$0.02 (2014: \$0.02) per share and 160,000,000 new ordinary shares for cash of \$7,970,000 through a private placement.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

## 15. Reserves

The capital reserve comprises the Group's share of the accumulated profits of its subsidiaries capitalised in a bonus issue of shares.

The revaluation reserve comprises surpluses from the revaluation of leasehold properties (see note 4).

The currency translation reserve comprises the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company and the translation of inter-company balances of certain subsidiaries which form part of the Group's net investment in foreign operations, provided certain conditions are met.

## 16. Non-controlling interests

The following subsidiary has material non-controlling interests (NCI).

Name of subsidiary	Place of incorporation and business	Operating Segment	Ownership interest held by NCI	
			2015 %	2014 %
AEL Enviro (Asia) Pte Ltd (AEL)	Singapore	Energy related products and services	30.0	30.0

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

# Notes to the Financial Statements

## 16. Non-controlling interests (cont'd)

	AEL \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
<b>2015</b>				
Revenue	–			
Loss	(378)			
OCI	–			
<b>Total comprehensive income</b>	<b>(378)</b>			
Attributable to NCI:				
Loss	(113)	(216)	–	(329)
OCI	–	3	–	3
<b>Total comprehensive income</b>	<b>(113)</b>	<b>(213)</b>	<b>–</b>	<b>(326)</b>
Non-current assets	–			
Current assets	63			
Non-current liabilities	(10,266)			
Current liabilities	(634)			
<b>Net liabilities</b>	<b>(10,837)</b>			
<b>Net liabilities attributable to NCI</b>	<b>(3,251)</b>	<b>(167)</b>	<b>–</b>	<b>(3,418)</b>
Cash flows from operating activities	(320)			
Cash flows from investing activities	(78)			
Cash flows from financing activities	398			
<b>Net increase in cash and cash equivalent</b>	<b>–</b>			



## 16. Non-controlling interests (cont'd)

	AEL \$'000	Other individually immaterial subsidiaries \$'000	Intra-group elimination \$'000	Total \$'000
<b>2014</b>				
Revenue	–			
Loss	(8,986)			
OCI	–			
<b>Total comprehensive income</b>	<b>(8,986)</b>			
Attributable to NCI:				
Loss	(2,696)	(24)	–	(2,720)
OCI	–	4	(4)	–
<b>Total comprehensive income</b>	<b>(2,696)</b>	<b>(20)</b>	<b>(4)</b>	<b>(2,720)</b>
Non-current assets	–			
Current assets	63			
Non-current liabilities	(9,696)			
Current liabilities	(827)			
<b>Net liabilities</b>	<b>(10,460)</b>			
<b>Net liabilities attributable to NCI</b>	<b>(3,138)</b>	<b>37</b>	<b>9</b>	<b>(3,092)</b>
Cash flows from operating activities	(518)			
Cash flows from investing activities	(800)			
Cash flows from financing activities	1,329			
<b>Net increase in cash and cash equivalent</b>	<b>11</b>			

## 17. Loans and borrowings

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Non-current liabilities</b>				
Finance lease liabilities	7	30	7	30
<b>Current liabilities</b>				
Unsecured trust receipts	1,833	3,668	1,833	3,668
Finance lease liabilities	23	32	23	29
	1,856	3,700	1,856	3,697
<b>Total loans and borrowings</b>	<b>1,863</b>	<b>3,730</b>	<b>1,863</b>	<b>3,727</b>

# Notes to the Financial Statements

## 17. Loans and borrowings (cont'd)

### *Terms and debt repayment schedule of loans and borrowings*

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

	Nominal interest rate	Year of maturity	2015		2014	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
Trust receipts	2.44% – 3.75%	2015 – 2016	1,833	1,833	3,668	3,668
Finance lease liabilities	2.35% – 4.75%	2015 – 2017	37	30	76	62
			1,870	1,863	3,744	3,730
Company						
Trust receipts	2.44% – 3.75%	2015 – 2016	1,833	1,833	3,668	3,668
Finance lease liabilities	2.35% – 4.75%	2015 – 2017	37	30	72	59
			1,870	1,863	3,740	3,727

### *Obligations under finance lease*

At 31 December, the Group and the Company has obligations under finance leases that are repayable as follows:

	<----- 2015 ----->			<----- 2014 ----->		
	Present value of minimum lease payments \$'000	Interest \$'000	Future minimum lease payments \$'000	Present value of minimum lease payments \$'000	Interest \$'000	Future minimum lease payments \$'000
<b>Group</b>						
Within 1 year	23	5	28	32	7	39
After 1 year but within 5 years	7	2	9	30	7	37
	<u>30</u>	<u>7</u>	<u>37</u>	<u>62</u>	<u>14</u>	<u>76</u>
<b>Company</b>						
Within 1 year	23	5	28	29	6	35
After 1 year but within 5 years	7	2	9	30	7	37
	<u>30</u>	<u>7</u>	<u>37</u>	<u>59</u>	<u>13</u>	<u>72</u>

## 18. Long-term payables

Long-term payables relate to retention sums withheld by the Group and the Company until the successful completion of the project work. Included in the Company's long-term payables is \$Nil (2014: \$110,000) which relates to amount due to subsidiaries for retention sums withheld by the Company for the project work undertaken by the subsidiaries for the Company.

These amounts are only payable upon completion of the construction contract and defects liability period, which normally takes longer than a year to complete.

The long-term payables are denominated in Singapore dollars.

## 19. Deferred tax

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

Group	At 1/1/2014 \$'000	Recognised in profit or loss (note 25) \$'000	Recognised in other comprehensive income \$'000	Translation differences on consolidation \$'000	At 31/12/2014 \$'000	Recognised in profit or loss (note 25) \$'000	Recognised in other comprehensive income \$'000	Translation differences on consolidation \$'000	At 31/12/2015 \$'000
<b>Deferred tax liabilities</b>									
Property, plant and equipment	1,091	(72)	71	(15)	1,075	(177)	52	(97)	853
Other items	10	(4)	-	-	6	(3)	-	-	3
	1,101	(76)	71	(15)	1,081	(180)	52	(97)	856
<b>Deferred tax assets</b>									
Trade receivable	(129)	5	-	3	(121)	6	-	15	(100)
Unabsorbed capital allowances	(385)	(87)	-	11	(461)	435	-	26	-
Other items	(238)	32	-	4	(202)	(451)	-	60	(593)
	(752)	(50)	-	18	(784)	(10)	-	101	(693)
<b>Net deferred tax</b>	349	(126)	71	3	297	(190)	52	4	163

# Notes to the Financial Statements

## 19. Deferred tax (cont'd)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts, determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2015	2014
	\$'000	\$'000
Deferred tax liabilities	163	297

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

	Group	
	2015	2014
	\$'000	\$'000
Deductible temporary differences	1,820	804
Unutilised capital allowances	5,573	3,217
Unutilised tax losses	36,913	36,147
	44,306	40,168

The unutilised tax losses and capital allowances are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

## 20. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,285	604	302	166
Accrued operating expenses	5,063	3,153	4,395	2,316
Other payables	1,666	3,462	424	1,223
Amounts due to subsidiaries				
- trade	–	–	16,806	15,008
- non-trade	–	–	17,197	18,058
	8,014	7,219	39,124	36,771

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

## 21. Provision for warranties

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January		992	951	721	670
Provision (reversed)/recognised during the year	24	(23)	41	27	51
At 31 December		969	992	748	721

The provision for warranty is made only for those contracts for which warranty for defects is provided and when those contracts are completed. The provision for warranties is based on estimates made from historical warranty data associated with similar completed contracts. The Group expects to incur the liability over the next five years or more.

## 22. Revenue

Revenue of the Group includes the value of goods sold and services rendered, and in respect of contracted projects, an appropriate portion of the contracted sales value on which profits have been recognised under the percentage of completion method. Transactions within the Group have been excluded in arriving at the revenue for the Group.

	Group	
	2015 \$'000	2014 \$'000
Sales of goods	13,114	15,900
Construction contracts revenue	21,737	17,152
	34,851	33,052

## 23. Finance income and finance costs

	Group	
	2015 \$'000	2014 \$'000
<b>Finance income</b>		
Interest income from financial institutions	176	129
<b>Finance costs</b>		
- banks	114	47
- hire purchase creditors	8	11
	122	58

# Notes to the Financial Statements

## 24. Loss before tax

The following items have been charged/(credited) in arriving at loss before tax:

		Group	
	Note	2015 \$'000	2014 \$'000
Audit fees paid to			
- auditors of the Company		183	163
- other auditors		78	99
Non-audit fees paid to			
- auditors of the Company		19	10
- other auditors		22	11
Change in fair value of investment properties	5	(9)	(19)
Contributions to defined contribution plans included in staff costs		172	197
Depreciation of property, plant and equipment	4	1,105	1,177
Impairment loss on property, plant and equipment	4	783	4,490
Amortisation of prepaid lease	13	–	131
Impairment loss on prepaid lease	13	–	3,726
Exchange loss		4,052	341
Operating lease expense		2,833	2,630
Amortisation of deferred revenue		–	(804)
Loss/(gain) on disposal of property, plant and equipment		7	(2)
Gain on disposal of assets held for sale		(110)	–
Operating lease income		(1,133)	(1,256)
(Reversal of)/allowance for inventories obsolescence		(164)	297
Allowance for doubtful receivables	29	1,967	292
(Reversal of)/provision for warranties	21	(23)	41
Gain on liquidation of a subsidiary		(2,668)	–

## 25. Tax (credit)/expense

		Group	
	Note	2015 \$'000	2014 \$'000
<b>Current tax expense</b>			
Current year		62	336
Overprovision in respect of prior years		(45)	–
		17	336
<b>Deferred tax expense</b>			
Origination and reversal of temporary differences	19	(190)	(126)
		(190)	(126)
<b>Tax (credit)/expense</b>		(173)	210



## 25. Tax (credit)/expense (cont'd)

	Group	
	2015 \$'000	2014 \$'000
Reconciliation of effective tax rate		
Loss before tax	(6,859)	(9,202)
Income tax using Singapore tax rate of 17% (2014: 17%)	(1,166)	(1,564)
Effect of different tax rate in other countries	(157)	(156)
Income not subject to tax	(221)	(287)
Expenses not deductible for tax purposes	713	1,738
Benefits of deferred tax assets not recognised	778	479
Utilisation of previously unrecognised deferred tax benefits	(75)	–
Overprovision in respect of prior years	(45)	–
	(173)	210

## 26. Loss per share

	Group	
	2015 \$'000	2014 \$'000
Basic and diluted earnings per share is based on the loss attributable to owners of the parent	(6,357)	(6,692)
Weighted average number of ordinary shares at the end of the year ('000)	934,025	778,984
Weighted average number of ordinary shares (diluted) at the end of the year ('000)	1,106,394	973,969

For the purpose of calculating the diluted earnings per ordinary share in 2014 and 2015, the outstanding warrants, which are convertible to ordinary shares were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. As the potential shares are anti-dilutive, i.e. decreasing the loss per share, the diluted loss per share for the financial period was computed on the same basis as basic loss per share.

## 27. Segment reporting

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different expertise and marketing strategies. For each of the strategic business units, the Group's CEO (the Chief Operating Decision Maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- (a) Projects division: the undertaking of aluminium architectural contracts and engineering works and the sub-contracting of building construction projects.

# Notes to the Financial Statements

## 27. Segment reporting (cont'd)

- (b) Aluminium extrusions and related products division: the manufacturing of aluminium extrusions, supply of all such related products.
- (c) Investment holding division: the investment in land and buildings for either development or capital appreciation purposes.
- (d) Cement division: the production, sales and/or distribution of cement.
- (e) Energy related products and services division: the development of prototype equipment for generation of electricity through recycling of shredded tyres.

Other operations mainly relates to investments in unquoted shares and management of properties. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2015 or 2014.

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

### Information about reportable segments

In Singapore dollars	Project \$'000	Aluminium related products \$'000	Investment holding \$'000	Cement \$'000	Energy related products and services \$'000	Others \$'000	Total operations \$'000
<b>2015</b>							
External revenues	20,772	14,079	–	–	–	–	34,851
Inter-segment revenue	9,582	4,558	79	–	–	–	14,219
Finance income	176	–	–	–	–	–	176
Finance costs	(120)	(1)	–	–	(1)	–	(122)
Depreciation of property, plant and equipment	(208)	(675)	(222)	–	–	–	(1,105)

## 27. Segment reporting (cont'd)

### Information about reportable segments (cont'd)

In Singapore dollars	Project \$'000	Aluminium related products \$'000	Investment holding \$'000	Cement \$'000	Energy related products and services \$'000	Others \$'000	Total operations \$'000
Reportable segment loss before tax	(185)	(4,776)	(1,174)	(388)	(336)	–	(6,859)
Tax credit	44	54	75	–	–	–	173
Reportable segment loss for the year	(141)	(4,722)	(1,099)	(388)	(336)	–	(6,686)
Other material non-cash items:							
- Change in fair value of investment property	–	(9)	–	–	–	–	(9)
- Reversal of inventories obsolescence	(54)	(110)	–	–	–	–	(164)
- Allowance for doubtful receivables	1,866	101	–	–	–	–	1,967
- Impairment loss on property, plant and equipment	136	498	71	–	78	–	783
Reportable segment assets	38,073	17,782	3,769	7,594	63	–	67,281
Capital expenditure	(348)	(601)	–	(556)	(78)	–	(1,583)
Reportable segment liabilities	7,460	1,185	19	606	634	–	9,904

# Notes to the Financial Statements

## 27. Segment reporting (cont'd)

### Information about reportable segments (cont'd)

In Singapore dollars	Project \$'000	Aluminium related products \$'000	Investment holding \$'000	Energy related products and services \$'000	Others \$'000	Total operations \$'000
<b>2014</b>						
External revenues	16,520	16,532	–	–	–	33,052
Inter-segment revenue	10,146	3,415	97	–	–	13,658
Finance income	129	–	–	–	–	129
Finance costs	(55)	(3)	–	–	–	(58)
Depreciation of property, plant and equipment	(169)	(755)	(249)	(4)	–	(1,177)
Reportable segment profit/(loss) before tax	2,349	(2,098)	(601)	(8,844)	(8)	(9,202)
Tax (expense)/credit	(282)	81	(9)	–	–	(210)
Reportable segment profit/(loss) for the year	2,067	(2,017)	(610)	(8,844)	(8)	(9,412)
Other material non-cash items:						
- Amortisation of deferred revenue	(804)	–	–	–	–	(804)
- Change in fair value of investment property	–	(19)	–	–	–	(19)
- Allowance of inventories obsolescence	197	100	–	–	–	297
- Allowance for/(reversal of) doubtful receivables	313	(21)	–	–	–	292
- Impairment loss on property, plant and equipment	–	–	110	4,380	–	4,490
- Impairment loss on prepaid lease	–	–	–	3,726	–	3,726
Reportable segment assets	41,275	22,147	5,984	63	–	69,469
Capital expenditure	(107)	(592)	–	(1,324)	–	(2,023)
Reportable segment liabilities	6,208	991	1,252	827	–	9,278

## 27. Segment reporting (cont'd)

*Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items*

	2015 \$'000	2014 \$'000
<b>Revenue</b>		
Total revenue for reportable segments	49,070	46,710
Elimination of inter-segment revenue	(14,219)	(13,658)
Consolidated revenue	34,851	33,052
<b>Liabilities</b>		
Total liabilities for reportable segments	9,904	9,278
Other unallocated amounts – trust receipts and deferred tax liabilities	1,995	3,965
Consolidated total liabilities	11,899	13,243

There are no reconciling items and adjustments to be presented for consolidated total assets and profit/(loss) before income tax for reportable segments and other material non-cash items.

### *Geographical segments*

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

	2015		2014	
	Revenue \$'000	Non-current assets \$'000	Revenue \$'000	Non-current assets \$'000
Kazakhstan	–	556	–	–
Singapore	25,954	3,238	21,552	3,474
Malaysia	8,897	8,023	11,500	10,242
	34,851	11,817	33,052	13,716

### *Major customer*

Revenues from one customer of the Group's project segment represents approximately \$6,571,000 (2014: \$7,124,000) of the Group's total revenues.

## 28. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

## 28. Determination of fair values (cont'd)

### *Property, plant and equipment and Investment properties*

External, independent valuation companies, having the appropriate recognised professional qualifications and experience in the location and category of property being valued, value the Group's investment property portfolio and leasehold properties at every year end. The fair values are based on market values, being the estimated amount for which a property or land could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

### *Other investments*

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

### *Other financial assets and liabilities*

The carrying amounts of loans and receivables, trade and other payables and loans and borrowings with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

The fair value for non-current financial assets and financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For long-term receivables and payables, the market rate of interest is determined by reference to current market bank rates for similar nature of loans.

The carrying amounts of the Group and the Company's financial liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 and 2014 except for those disclosed in note 29.

### *Fair value hierarchy*

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>31 December 2015</b>				
Commercial properties for leasing	–	92	–	92
Total investment properties	–	92	–	92
<b>31 December 2014</b>				
Commercial properties for leasing	–	94	–	94
Total investment properties	–	94	–	94



## 29. Financial instruments

### Overview

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

- credit risk
- liquidity risk
- market risk
- interest rate risk
- foreign currency risk
- equity price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

### Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Audit Committee oversees the monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management in relation to the Group's operations and the risks faced by the Group.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

As the main principal activities of the Group are the manufacture and sale of aluminium products, the Group's major customers are mainly in the construction industry. However, the Group's exposure to credit risk is monitored by management on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The maximum exposure to credit risk at the reporting date is:

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Carrying amounts</b>					
Loans and receivables	7	15,739	11,993	39,236	31,276
Cash and cash equivalents	11	34,209	33,480	28,158	29,244
		49,948	45,473	67,394	60,520

# Notes to the Financial Statements

## 29. Financial instruments (cont'd)

### Credit risk (cont'd)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Project customers	5,096	6,275	5,265	5,608
Trading customers	3,368	5,254	33,895	25,618
Others	7,275	464	76	50
	15,739	11,993	39,236	31,276

Concentration of credit risk relating to loans and receivables is limited due to the Group's and Company's many varied customers. The main customers are construction-related with Housing Development Board ('HDB') appointed main contractors engaged mainly in HDB projects and other private projects. The Group's and Company's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's and Company's loans and receivables.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Included in others is a deposit of \$6,666,000 paid to a contractor for the construction of a cement plant in Kazakhstan.

### Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect to trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance is written off against the carrying amount of the impaired financial asset.

The ageing of loans and receivables at the reporting date is:

	2015		2014	
	Gross \$'000	Impairment losses \$'000	Gross \$'000	Impairment losses \$'000
<b>Group</b>				
Not past due	13,884	–	9,261	–
Past due 0 – 30 days	731	–	809	–
Past due 31 – 120 days	2,249	1,502	902	–
More than 120 days	4,352	3,975	5,195	4,174
	21,216	5,477	16,167	4,174
<b>Company</b>				
Not past due	5,177	–	5,637	–
Past due 0 – 30 days	263	–	114	–
Past due 31 – 120 days	1,851	1,805	176	–
More than 120 days	81,469	47,719	80,128	54,779
	88,760	49,524	86,055	54,779

## 29. Financial instruments (cont'd)

### Credit risk (cont'd)

The change in impairment loss in respect of loans and receivables during the year is as follows:

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
At 1 January		4,174	3,966	54,779	30,161
Impairment loss recognised/(reversed)	24	1,967	292	(4,933)	24,660
Impairment loss utilised		(322)	(22)	(322)	(42)
Translation differences on consolidation		(342)	(62)	–	–
At 31 December		5,477	4,174	49,524	54,779

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains the following lines of credit:

- \$3 million (2014: \$3 million) overdraft facility that is unsecured. Interest would be charged at the bank prime rate (currently at 5% per annum) prevailing from time to time and calculated on 365 day-year basis.
- \$9 million (2014: \$9 million) common line for trust receipt, letter of credit and performance guarantee that are unsecured. The facility has a maturity of 180 days that can be drawn down upon repayment. Interest is charged at 2% per annum above the bank swap offer rate ('SOR') prevailing from time to time.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements, on the basis of their earliest possible contractual maturity.

# Notes to the Financial Statements

## 29. Financial instruments (cont'd)

### Liquidity risk (cont'd)

	Carrying amounts \$'000	<----- Cash flows ----->		
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000
<b>Group</b>				
<b>2015</b>				
<b>Non-derivative financial liabilities</b>				
Finance lease liabilities	30	(37)	(28)	(9)
Trust receipts	1,833	(1,833)	(1,833)	–
Long-term payables	810	(810)	–	(810)
Trade and other payables	8,014	(8,014)	(8,014)	–
	<b>10,687</b>	<b>(10,694)</b>	<b>(9,875)</b>	<b>(819)</b>
<b>2014</b>				
<b>Non-derivative financial liabilities</b>				
Finance lease liabilities	62	(76)	(39)	(37)
Trust receipts	3,668	(3,668)	(3,668)	–
Long-term payables	674	(674)	–	(674)
Trade and other payables	7,219	(7,219)	(7,219)	–
	<b>11,623</b>	<b>(11,637)</b>	<b>(10,926)</b>	<b>(711)</b>
<b>Company</b>				
<b>2015</b>				
<b>Non-derivative financial liabilities</b>				
Finance lease liabilities	30	(37)	(29)	(8)
Trust receipts	1,833	(1,833)	(1,833)	–
Long-term payables	754	(754)	–	(754)
Trade and other payables	39,124	(39,124)	(39,124)	–
	<b>41,741</b>	<b>(41,748)</b>	<b>(40,986)</b>	<b>(762)</b>
<b>Company</b>				
<b>2014</b>				
<b>Non-derivative financial liabilities</b>				
Finance lease liabilities	59	(72)	(35)	(37)
Trust receipts	3,668	(3,668)	(3,668)	–
Long-term payables	618	(618)	–	(618)
Trade and other payables	36,771	(36,771)	(36,771)	–
	<b>41,116</b>	<b>(41,129)</b>	<b>(40,474)</b>	<b>(655)</b>

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

## 29. Financial instruments (cont'd)

### Market risk

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

### Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use any derivative financial instruments to hedge its interest rate risk.

At the reporting date, the interest rate profile of the interest-bearing/earning financial instruments was:

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Fixed rate instruments</b>					
Fixed deposits	11	25,281	24,974	25,251	24,936
Finance lease liabilities	17	(30)	(62)	(30)	(59)
		25,251	24,912	25,221	24,877
<b>Variable rate instruments</b>					
Trust receipts	17	(1,833)	(3,668)	(1,833)	(3,668)

### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

### Cash flow sensitivity analysis for variable rate instruments

An increase in 100 basis points ('bp') (1%) in interest rates at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trust receipts	(18)	(37)	(18)	(37)
Cash flow sensitivity (net)	(18)	(37)	(18)	(37)

A decrease in 100 bp would have the equal but opposite effect on the above interest-earning/bearing instruments shown above, on the basis that all other variables remain constant.

# Notes to the Financial Statements

## 29. Financial instruments (cont'd)

### *Foreign currency risk*

The Group is exposed to foreign currency risk on sales, purchases and expenses that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore dollar, United States dollar and Australian dollar.

The Group's exposure to foreign currency risk is closely monitored by management on an ongoing basis and is not significant.

### *Equity price risk*

The Group's exposure to equity price risk is not significant.

### *Capital management*

The Group defines capital as share capital, capital reserve, revaluation reserve, currency translation reserve and accumulated losses.

The Group's capital management is focused on ensuring its ability to continue as a going concern in order to provide an adequate return to our shareholders and economic benefits for the stakeholders.

The Group manages its capital structure and makes adjustments to it in consideration of many factors including (a) the changes in economic conditions, (b) the availability of comparatively advantageous financing strategies, (c) the cost of financing and (d) the impact of changes in our liquidity and funding needs pertaining to our business activities.

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

### *Fair values*

#### *Fair values versus carrying amounts*

The carrying amounts of the Group and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 and 2014 except as follows:

	Carrying amount		Fair value	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>Financial assets</b>				
Trade and other receivables (non-current)	3,345	3,961	3,250	3,886
<b>Financial liabilities</b>				
Long-term payables	(810)	(674)	(790)	(660)
	<u>2,535</u>	<u>3,287</u>	<u>2,460</u>	<u>3,226</u>
<b>Company</b>				
<b>Financial assets</b>				
Trade and other receivables (non-current)	3,716	3,660	3,626	3,587
<b>Financial liabilities</b>				
Long-term payables	(754)	(618)	(736)	(607)
	<u>2,962</u>	<u>3,042</u>	<u>2,890</u>	<u>2,980</u>



## 29. Financial instruments (cont'd)

### Fair values (cont'd)

The basis for determining fair values is disclosed in note 29.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, in relation to non-current trade and other receivables and long-term payables, are based on the market rate of interest at reporting date:

	2015 %	2014 %
<b>Group and Company</b>		
Non-current trade and other receivables and long-term payables	2.0	1.6

### Accounting classifications and fair values

#### Fair values versus carrying amounts

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

	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Other financial liabilities outside the scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Group</b>							
<b>2015</b>							
Trade and other receivables*	7	–	15,739	–	–	15,739	15,644
Other investments	10	2	–	–	–	2	2
Cash and cash equivalents	11	–	34,209	–	–	34,209	34,209
		2	49,948	–	–	49,950	49,855
Unsecured trust receipts	17	–	–	(1,833)	–	(1,833)	(1,833)
Finance lease liabilities	17	–	–	–	(30)	(30)	(30)
Long-term payables	18	–	–	(810)	–	(810)	(790)
Trade and other payables	20	–	–	(8,014)	–	(8,014)	(8,014)
		–	–	(10,657)	(30)	(10,687)	(10,667)
<b>2014</b>							
Trade and other receivables*	7	–	11,993	–	–	11,993	11,918
Other investments	10	2	–	–	–	2	2
Cash and cash equivalents	11	–	33,480	–	–	33,480	33,480
		2	45,473	–	–	45,475	45,400
Unsecured trust receipts	17	–	–	(3,668)	–	(3,668)	(3,668)
Finance lease liabilities	17	–	–	–	(62)	(62)	(62)
Long-term payables	18	–	–	(674)	–	(674)	(660)
Trade and other payables	20	–	–	(7,219)	–	(7,219)	(7,219)
		–	–	(11,561)	(62)	(11,623)	(11,609)

\* excludes prepayments

# Notes to the Financial Statements

## 29. Financial instruments (cont'd)

### Accounting classifications and fair values (cont'd)

	Note	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Other financial liabilities outside the scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
<b>Company</b>							
<b>2015</b>							
Trade and other receivables*	7	–	39,236	–	–	39,236	39,146
Other investments	10	1	–	–	–	1	1
Cash and cash equivalents	11	–	28,158	–	–	28,158	28,158
		1	67,394	–	–	67,395	67,305
Unsecured trust receipts	17	–	–	(1,833)	–	(1,833)	(1,833)
Finance lease liabilities	17	–	–	–	(30)	(30)	(30)
Long-term payables	18	–	–	(754)	–	(754)	(736)
Trade and other payables	20	–	–	(39,124)	–	(39,124)	(39,124)
		–	–	(41,711)	(30)	(41,741)	(41,723)
<b>2014</b>							
Trade and other receivables*	7	–	31,276	–	–	31,276	31,203
Other investments	10	1	–	–	–	1	1
Cash and cash equivalents	11	–	29,244	–	–	29,244	29,244
		1	60,520	–	–	60,521	60,448
Unsecured trust receipts	17	–	–	(3,668)	–	(3,668)	(3,668)
Finance lease liabilities	17	–	–	–	(59)	(59)	(59)
Long-term payables	18	–	–	(618)	–	(618)	(607)
Trade and other payables	20	–	–	(36,771)	–	(36,771)	(36,771)
		–	–	(41,057)	(59)	(41,116)	(41,105)

\* excludes prepayments

## 30. Commitments

### *Operating lease commitments*

#### *Leases as lessee*

At 31 December 2015, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Payable:				
Within 1 year	1,907	2,289	1,907	2,289
After 1 year but within 5 years	–	1,907	–	1,907
	1,907	4,196	1,907	4,196

The leases run for a period of 10 months (2014: 2 years) with an option to renew the leases after that date.

#### *Leases as lessor*

The Company leases out its investment properties and sub-lets its main head-quarters. Non-cancellable operating lease rentals are receivable as follows:

	Company	
	2015	2014
	\$'000	\$'000
Receivable:		
Within 1 year	939	758
After 1 year but within 5 years	–	569
	939	1,327

#### Capital commitments

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Capital expenditure contracted for as at reporting date but not recognised in the financial statements	99,384	–	–	65

During 2015, the Group entered into a contract to construct a cement plant for \$106,050,000, of which \$6,666,000 has been incurred as deposits as at the reporting date (2014: \$Nil).

## 31. Related parties

### *Transactions with key management personnel*

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling activities of the Group. The directors and members of the management team of the Group are considered to be key management personnel.

# Notes to the Financial Statements

## 31. Related parties (cont'd)

### Transactions with key management personnel (cont'd)

Key management personnel compensation comprised:

	Group	
	2015 \$'000	2014 \$'000
Short-term employee benefits (including contributions to defined contribution plans)	1,527	949

Included in key management personnel compensation is remuneration of directors amounting to \$941,000 (2014: \$485,000). Directors' remuneration includes short-term employee benefits, contributions to defined contribution plans and allowances.

### Key management personnel and director transactions

A number of key management personnel hold positions in other entities that result in them having control over the financial or operating policies of these entities. A number of these entities transacted with the Group during the year.

	Note	Group			
		Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Legal fees	(i)	76	95	–	–
Consultancy services	(ii)	353	–	353	–

- (i) The Group used the services of Lisa Sam & Company, a company which is controlled by Lisa Sam Hui Min (Lisa Cen Huimin), in relation to advice for legal matters arising from the Group. Amounts were due and payable under normal payment terms.
- (ii) The Group entered into a consultancy contract with Asian-African Business Management (Xi'An) Co., Ltd., a company which is controlled by Zhang Zengtao, for the preparation of a cement plant construction plan. The total contract value is US\$250,000.

## ANALYSIS OF SHAREHOLDINGS AS AT 18 MARCH 2016

TOTAL NUMBER OF SHARES ISSUED : 979,515,759  
 CLASS OF SHARES : ORDINARY SHARES  
 VOTING RIGHTS : ONE VOTE PER SHARE

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 --- 99	235	3.55	10,418	0.00
100 --- 1,000	2,670	40.38	1,097,564	0.11
1,001 --- 10,000	2,146	32.46	9,485,998	0.97
10,001 --- 1,000,000	1,503	22.73	130,461,197	13.32
1,000,001 AND ABOVE	58	0.88	838,460,582	85.60
<b>TOTAL</b>	<b>6,612</b>	<b>100.00</b>	<b>979,515,759</b>	<b>100.00</b>

NO.	NAME	NO. OF SHARES HELD	%
1	SL CAPITAL VENTURES PTE LTD	197,000,000	20.11
2	CITIBANK NOMINEES SINGAPORE PTE LTD	150,930,050	15.41
3	CHNG GIM HUAT	128,000,000	13.07
4	BANK OF SINGAPORE NOMINEES PTE LTD	119,064,500	12.16
5	RAFFLES NOMINEES (PTE) LTD	33,543,585	3.42
6	NG LAY KHIM	19,695,300	2.01
7	SINN KIT FOOK	13,700,000	1.40
8	MAYBANK KIM ENG SECURITIES PTE LTD	12,703,481	1.30
9	OCBC SECURITIES PRIVATE LTD	11,726,950	1.20
10	LOW SOE ENG OR LENG BOON THAI	10,084,605	1.03
11	CHNG BENG HUA	9,500,000	0.97
12	DBS NOMINEES PTE LTD	7,754,052	0.79
13	UOB KAY HIAN PTE LTD	6,583,950	0.67
14	CHING WILSON TAN	6,178,000	0.63
15	NG KIAN GUAN	6,000,000	0.61
16	OH LEE LEE	6,000,000	0.61
17	KOH MAY LENG	5,000,000	0.51
18	HSBC (SINGAPORE) NOMINEES PTE LTD	4,939,400	0.50
19	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	4,772,513	0.49
20	TAN CHIN WAH	4,169,000	0.43
		<b>757,345,386</b>	<b>77.32</b>

## REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2016

	DIRECT INTEREST NO. OF SHARES	% OF TOTAL ISSUED SHARES <sup>(1)</sup>	DEEMED INTEREST NO. OF SHARES	% OF TOTAL ISSUED SHARES <sup>(1)</sup>
SL Capital Ventures Pte Ltd	197,000,000	20.11	-	-
Sustained Land Pte. Ltd. <sup>(2)</sup>	-	-	197,000,000	20.11
Douglas Ong Pang Chye <sup>(3)</sup>	-	-	197,000,000	20.11
Chng Gim Huat	128,000,000	13.07	-	-
Ma Zhaoyang <sup>(4)</sup>	-	-	117,500,000	12.00
Zhang Zengtao <sup>(5)</sup>	-	-	117,500,000	12.00

**Notes:**

1. As a percentage of the issued share capital of the Company comprising 979,515,759 Shares.
2. Sustained Land Pte. Ltd. ("SLPL") is the sole shareholder of SL Capital Ventures Pte. Ltd. ("SLCV") and is therefore deemed to be interested in the Shares held by SLCV by virtue of Section 4 of the Securities and Futures Act ("SFA").
3. Douglas Ong Pang Chye is the sole shareholder of SLPL and is therefore deemed to be interested in the Shares held by SLPL.
4. Ma Zhaoyang's interest in the 117,500,000 Shares were held under the name of nominees – Citibank Nominees Singapore Pte Ltd.
5. Zhang Zengtao's interest in the 117,500,000 Shares were held under the name of nominees – Bank of Singapore Nominees Pte Ltd.

**PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC**

As at 18 March 2016, 41.35% of the issued share capital of the Company was held in the hands of the public (based on the information available to the Company). The Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.



# Warrant Holdings Statistics

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## ANALYSIS OF WARRANT HOLDINGS - WARRANTS - W161110 AS AT 18 MARCH 2016

RANGE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
1 --- 99	40	3.16	1,988	0.00
100 --- 1,000	124	9.79	82,577	0.02
1,001 --- 10,000	482	38.07	2,342,535	0.67
10,001 --- 1,000,000	598	47.24	48,380,524	13.92
1,000,001 AND ABOVE	22	1.74	296,852,077	85.39
	1,266	100.00	347,659,701	100.00

NO.	NAME	NO. OF WARRANTS HELD	%
1	BANK OF SINGAPORE NOMINEES PTE LTD	121,543,000	34.96
2	CITIBANK NOMINEES SINGAPORE PTE LTD	120,500,000	34.66
3	NG LAY KHIM	8,297,900	2.39
4	LOW SOE ENG OR LENG BOON THAI	6,723,070	1.93
5	LEE HONG KHIM	5,941,200	1.71
6	SINN KIT FOOK	3,300,000	0.95
7	LEE VAN CHONG	3,150,000	0.91
8	TAN CHIN WAH	2,919,000	0.84
9	PHILLIP SECURITIES PTE LTD	2,643,701	0.76
10	CHNG BENG HUA	2,500,000	0.72
11	OCBC SECURITIES PRIVATE LTD	2,406,788	0.69
12	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	2,191,018	0.63
13	LOW CHIN YEE	1,722,200	0.49
14	LAU KIM HOON	1,580,200	0.45
15	CHING WILSON TAN	1,550,000	0.45
16	GOH BOON CHYE	1,529,000	0.44
17	MAH SIEW CHUAN	1,500,000	0.43
18	SIN PUI LAN	1,500,000	0.43
19	OH CHEE LOK	1,461,000	0.42
20	TAN XIN RONG	1,419,000	0.41
		294,377,077	84.67

# Notice of Annual General Meeting

**COMPACT METAL INDUSTRIES LTD**  
(the "Company")  
(Company Registration No. 197500009H)  
(Incorporated in the Republic of Singapore)

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 41<sup>st</sup> Annual General Meeting ("AGM") of Compact Metal Industries Ltd (the "Company") will be held at 120 Pioneer Road, #01-03, Singapore 639597 on Tuesday, 26 April 2016 at 10.30am to transact the following business:-

### AS ORDINARY BUSINESS

- |    |   |                |
|----|---|----------------|
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 and the Directors' Report and the Auditors' Report thereon.  | (Resolution 1) |
| 2. | To re-elect Mr Chng Beng Hua as Director pursuant to Article 100 of the Company's Constitution.<br><br>Mr Chng Beng Hua if re-elected as Director will remain as the Chief Executive Officer of the Company.  | (Resolution 2) |
| 3. | To re-elect Ms Lisa Sam Hui Min (Lisa Cen Huimin) as Director pursuant to Article 100 of the Company's Constitution.<br><br>Ms Lisa Sam Hui Min (Lisa Cen Huimin) if re-elected as Director of the Company, will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. She is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). | (Resolution 3) |
| 4. | To re-elect Mr Sin Ee Wuen (Xian Yiwen) as Director pursuant to Article 104 of the Company's Constitution.<br><br>Mr Sin Ee Wuen (Xian Yiwen), if re-elected as Director of the Company, will remain as a member of the Audit Committee and Remuneration Committee.   | (Resolution 4) |
| 5. | To approve payment of Directors' fees of S\$112,000 for the financial year ending 31 December 2016 and to authorise the Directors of the Company an option to pay the said fees quarterly in arrears. (2015:S\$103,000)   | (Resolution 5) |
| 6. | To re-appoint KPMG LLP as auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration.  | (Resolution 6) |
| 7. | To transact any other ordinary business which may be properly transacted at an AGM.   |                |

### AS SPECIAL BUSINESS

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

8. Authority to Issue Shares
- "That pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Manual of SGX-ST, authority be and is hereby given to the Directors of the Company to:
- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

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

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

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's total number of issued shares (excluding treasury shares), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a *pro rata* basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) in the Company, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares) shall be the Company's total number of issued shares (excluding treasury shares) at the time this resolution is passed, after adjusting for:

- (a) new shares arising from the conversion or exercise of convertible securities;
- (b) new shares arising from exercising share options or vesting of share awards 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 the SGX-ST, and
- (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

**(Resolution 7)**

(See *Explanatory Note 1*)

## BY ORDER OF THE BOARD

Heng Fook Chang  
Ang Siew Koon  
Company Secretaries

11 April 2016

Singapore

# Notice of Annual General Meeting

## Explanatory Notes:

1. Resolution 7, if passed, will authorise and empower the Directors of the Company from the date of the above AGM until the next AGM to issue shares in the capital of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.
2. For the purpose of Resolution 7, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

## Notes:

1. A member who is not a relevant intermediary may appoint not more than two proxies to attend and vote at the Meeting.
2. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the first named proxy may be treated as representing 100% of the shareholding and the second name proxy as an alternate to the first named.
3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

**"relevant intermediary"** means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore who holds shares in that capacity; or
  - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A proxy need not be a member of the Company.
  5. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
  6. The instrument appointing a proxy must be deposited at the registered office of the Company at 120 Pioneer Road, #01-03, Singapore 639597 not later than 48 hours before the time appointed for the AGM.

## Personal data privacy:

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

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## COMPACT METAL INDUSTRIES LTD

(Company Registration No.: 197500009H)

(Incorporated in the Republic of Singapore)

### PROXY FORM

#### FOR ANNUAL GENERAL MEETING

#### IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (\*NRIC/Passport No.) of

\_\_\_\_\_ (Address)

being a member/members of **COMPACT METAL INDUSTRIES LTD** (the "Company"), hereby appoint:-

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

\*and/or

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

or failing \*him/her, the Chairman of the 41st Annual General Meeting (the "Meeting") as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf at the Meeting of the Company to be held at 120 Pioneer Road, #01-03, Singapore 639597 on Tuesday, 26 April 2016 at 10.30am and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the \*proxy/proxies will vote or abstain from voting at \*his/her discretion.

Resolutions No.	Ordinary Resolutions	For	Against
Resolution 1	Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' Report and Auditors' Report.		
Resolution 2	Re-election of Mr Chng Beng Hua.		
Resolution 3	Re-election of Ms Lisa Sam Huimin (Lisa Cen Huimin).		
Resolution 4	Re-election of Mr Sin Ee Wuen (Xian Yiwen)		
Resolution 5	Approval of Directors' fees of S\$112,000 for the financial year ending 31 December 2016 and to authorise the Directors of the Company an option to pay the said fees quarterly in arrears.		
Resolution 6	Re-appointment of KPMG LLP as Auditors.		
Resolution 7	Authority to issue new shares.		

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

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

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

\*Delete accordingly

#### IMPORTANT:-

Please read the notes overleaf:



**Notes:-**

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act.
6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 120 Pioneer Road, #01-03, Singapore 639597 not less than forty-eight (48) hours before the time set for the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

**"Personal data privacy:**

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

Fold along this line

Affix  
Postage  
Stamp  
Here

The Company Secretary  
**Compact Metal Industries Ltd**  
120 Pioneer Road #01-03  
Singapore 639597

Fold along this line

## SINGAPORE OFFICE

### PROJECT DIVISION

**Compact Metal Industries Ltd**  
**Compact Metal Ind. Pte Ltd**  
120 Pioneer Road,  
Singapore 639597  
Tel : (65) 68633268  
Fax : (65) 68633968  
Email : [Info@compact.com.sg](mailto:Info@compact.com.sg)  
Website : [www.compact.com.sg](http://www.compact.com.sg)

**FacadeMaster Pte Ltd**  
120 Pioneer Road, #04-01  
Singapore 639597  
Tel : (65) 68633268  
Fax : (65) 68630718

### ALUMINIUM EXTRUSION AND RELATED PRODUCTS DIVISION

**Integrate Private Limited**  
**Integrate Marketing Pte Ltd**  
**Aluform Marketing Pte Ltd**  
120 Pioneer Road,  
Singapore 639597  
Tel : (65) 68979780  
Fax : (65) 68979738  
Email : [Info@integrate.com.sg](mailto:Info@integrate.com.sg)  
Website : [www.integrate.com.sg](http://www.integrate.com.sg)

## MALAYSIA OFFICE

### ALUMINIUM EXTRUSION AND RELATED PRODUCTS DIVISION

**Compact Metal Industries Sdn. Bhd.**  
35½ Miles, Jalan Johor Bahru /  
Ayer Hitam, 81000 Kulai, Johor,  
Malaysia  
Tel : (60) 76513699  
Fax : (60) 76513491

**Selaco Aluminium Berhad**  
Lot 280 Jalan Timah  
Pasir Gudang Industries Estate  
81700 Pasir Gudang, Johor Bahru,  
Malaysia  
Tel : (60) 72515262  
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Email : [info@selaco.com.my](mailto:info@selaco.com.my)  
Website : [www.selaco.com.my](http://www.selaco.com.my)