ANNUAL REPORT 2015

SANTAK HOLDINGS LIMITED

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CORPORATE **PROFILE**

Established in 1978, the Santak Group is a manufacturing and trading group of companies with 2 divisions i.e. the Precision Engineering and Assembly Division and the Trading and Distribution Division structured under the holding company, Santak Holdings Limited.

The Precision Engineering and Assembly Division's main business is in the manufacture of precision machined components, diecasting, sub-assembly as well as mould/ fixture design and fabrication, specially tailored to meet our customers' requirements. Its' clientele include multi-national companies and other main contract manufacturers. Its' products are mainly used in consumer electronic devices, telecommunication devices, fibre-optics connectors, hard-disk drive, mobile phones, optical instrument devices, medical equipment, connectors/contacts as well as computer peripherals.

The Trading and Distribution Division specialises in sourcing and supplying custom-made electronic, electrical and mechanical components/products. It acts as a representative for suppliers in the Asian region and facilitate the supply of these components/ products based on the specifications of customers. Its focus is on die-cast & machined parts, metal enclosures and stamped parts, heatsinks, solenoids, coils, contactless smartcards and OEM assembly of card readers.

The Group's factories are located in Singapore and the People's Republic of China. Strategic investments have been made in high precision and automated production machinery in addition to the training and development of the Group's workforce. On-going marketing efforts are supported by manufacturing and engineering expertise, built up over the past 37 years.

CHAIRMAN'S **STATEMENT**

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Santak Holdings Limited and its subsidiary companies (the "Group") for the Financial Year ended 30 June 2015 ("FY2015").

The Group recorded a turnover of S$103.15 million, an increase of approximately S$40.87 million or 66% for FY2015 as compared to a turnover of S$62.28 million of previous financial year ("FY2014"). Sales of the Group's Precision Engineering Division ("PE") came in at S$99.95 million, an increase of S$41.25 million or 70.3% as compared to prior year. The increase in sales in PE compared to prior year was mainly due to the higher sales arising from stronger demand as well as from new precision machined component projects ("New Projects") in FY2015 for the electronics sector mainly in our China operations. In particular, the turnover for second half of FY2015 ("2H2015") was higher at S$63.01 million compared to S$40.14 million in first half of FY2015 ("1H2015"). This was mainly attributable to demand for our New Projects where mass production ramp up only commenced towards the end of 1H2015. On the other hand, the Group's Trading & Distribution Division ("T&D") registered lower sales at S$3.20 million compared to S$3.58 million in FY2014 mainly due to weaker demand from the telecommunication sector. The Group's gross profit was higher at S$5.59 million in FY2015 compared to S$3.66 million in FY2014 following the increase in turnover. The gross margin percentage declined slightly to 5.4% in FY2015 compared to 5.9% in FY2014.

The increase in administrative expenses by S$0.77 million to S$3.47 million in FY2015 and the higher distribution and selling expenses of S$3.01 million was due to the higher turnover in FY2015. The significantly higher other operating expenses in FY2015 of S$3.72 million compared to S$2.21 million in prior year were mainly due to significant costs of approximately S$3.72 million incurred in FY2015 compared to S$2.0 million in FY2014 for the qualification and development process (including the new production facilities expenses and factory overhead incurred in preparation for the mass production) of our New Projects. These New Projects have encountered delays in its mass production ramp up which only commenced towards the end of 1H2015. On the other hand, the higher other income of approximately S$2.62 million was mainly the results of higher sales of scraps in FY2015 in line with the higher turnover as well as foreign exchange gain by S$0.46 million mainly arising from the strengthening of the USD in FY2015 compared to foreign exchange loss in prior year. The increase in financial expenses by approximately S$0.51 million was the result of higher bank interest expenses and bank facilities fees arising from the increase in bank borrowings following the drawdown of bank borrowings made during FY2015 under new banking facilities. The higher depreciation and amortisation expenses of S$4.85 million were mainly the results of addition of plant and equipment in our China operation in FY2015.

The Group registered a loss before tax of S$3.30 million in FY2015 compared to loss before tax of S$3.42 million in the previous year. In line with the higher turnover in 2H2015 compared to 1H2015, the Group registered a profit before tax of S$3.08 million in 2H2015 compared to a loss before tax of S$6.37 million in 1H2015. The tax credit of S$2.57 million in prior year arose mainly from the recognition of deferred tax assets due to tax losses in our China operation. The loss after tax for FY2015 was S$3.29 million. Our basic and diluted loss per share were both 3.07 cents for FY2015 versus basic and diluted loss per share of 0.79 cents in the prior year. The Group's net asset value per share was 43.31 cents as at 30 June 2015 compared to 44.27 cents as at 30 June 2014.

The increase in property, plant and equipment by S$2.03 million was mainly due to the increase in renovation of factory facilities and machineries during FY2015 for meeting the requirements of our New Projects. The increase in the Group's trade debtors and stocks by S$30.05 million and S$17.66 million respectively as at 30 June 2015 was mainly in line with the increase in sales and ramping up of inventories in the last quarter of 2H2015. On the other hand, the increase in trade creditors by approximately S$19.08 million to S$27.66 million as at 30 June 2015 was mainly the results of trade purchases during 2H2015 in line with the ramp up of mass production of the New Projects. The increase in other debtors, deposits and prepayments by S$2.90 million to S$3.80 million as at 30 June 2015 was mainly due to higher deposits and prepayments for equipment and materials as well as receivable from sales of product samples during FY2015. Other creditors and accruals increased by S$3.75 million to S$9.11 million mainly as a result of higher provision for payroll cost and other payables for renovation as at 30 June 2015 as compared to 30 June 2014.

The higher restricted fixed deposits was due to placement of an additional S$0.75 million of fixed deposit as securities for new banking facilities during the year. The decrease in provision for taxation was mainly due to payment of prior year provision and absence of new provision for taxation arising from the loss registered in FY2015. Loans and borrowings (excluding finance leases) increased by S$33.12 million from S$12.96 million to S$46.08 million mainly due to drawdown of loans and borrowings made during FY2015 to finance the New Projects. The decrease in finance lease obligations was a result of repayments made during FY2015. The increase in translation reserves was mainly the result of the strengthening of RMB against SGD as at 30 June 2015 compared to 30 June 2014.

Following lower loss incurred and increase in sales revenue, the Group's operations generated higher operating cash inflow before working capital changes of approximately S$3.09 million in FY2015, compared to S$1.16 million in the previous year. Further, mainly as a result of higher trade debtors and stocks balances as at 30 June 2015, partially offset by higher trade creditors as well as other creditors and accrual, the Group recorded a higher net cash outflow from operating activities of approximately S$25.78 million in FY2015, compared to cash inflow of S$6.26 million in FY2014. Cash utilised in investing activities increased by S$1.43 million mainly as a result of renovation of factory facilities and purchase of machinery in FY2015 for meeting the requirements of our New Projects. Net cash generated from financing activities was S$30.3 million mainly arising from additional bank borrowings drawn down during the year to finance our New Projects, partially offset by dividend payment of S$0.54 million, interest expense paid of S$0.75 million, net repayment of finance lease of S$0.16 million as well as placement of a fixed deposit of S$0.75 million. Overall, cash and cash equivalents increased by S$0.57 million during FY2015 to S$15.52 million as at 30 June 2015 as compared to the balance of S$14.95 million as at 30 June 2014.

Subject to the shareholders' approval at the forthcoming Annual General Meeting, the Board of Directors is pleased to recommend and propose a first and final dividend of 0.50 Singapore cents per share (one-tier tax exempt) for FY2015.

The market in which the Group operates remains competitive and demanding. Going forward into the current financial year ending 30 June 2016 ("FY2016"), with the mass production of the new product models for our precision-machined components and barring any unforeseen circumstances, the Group is cautiously optimistic of the business conditions for FY2016. Cost and pricing pressures as well as foreign exchange volatility are expected to remain challenging.

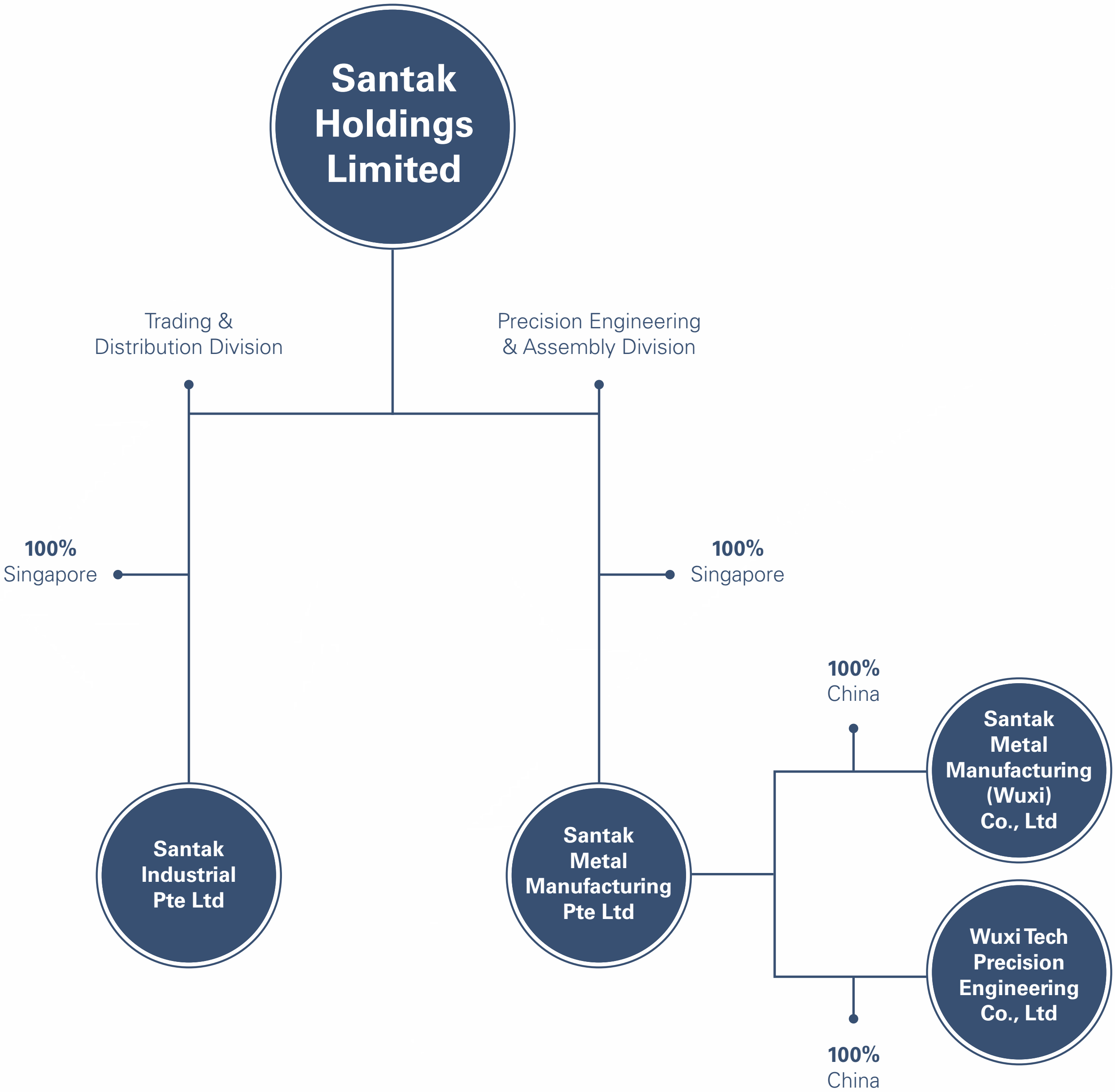
Our heartfelt appreciation goes to all our customers, shareholders and business associates for their support, confidence and trust throughout the years. I would also like to extend my gratitude to my fellow Board members for their counsel and guidance. Last but not least, we would like to thank our management and staff of the Group for their contributions and dedication. We look forward to your continued support in the future.

Lee Keen Whye
Chairman

CORPORATE **DATA**

Company Registration Number:	200101065H
Board of Directors:	Lee Keen Whye (Non-Executive Chairman/ Independent Director) Tan Chee Hawai (Group Managing Director) Ng Weng Wei (Executive Director) Tan Sin Hock (Executive Director) Heng Kheng Hwai (Non-Executive Director) Ch'ng Jit Koon (Independent Director)
Audit Committee:	Lee Keen Whye (Chairman) Ch'ng Jit Koon Heng Kheng Hwai
Nominating Committee:	Ch'ng Jit Koon (Chairman) Lee Keen Whye Tan Chee Hawai
Remuneration Committee:	Lee Keen Whye (Chairman) Ch'ng Jit Koon Ng Weng Wei
Company Secretary:	Lynn Wan Tiew Leng
Registered Office:	31 Senoko South Road, Woodlands East Industrial Estate Singapore 758084 Tel: 6755 4788 Fax: 6754 7088/6754 7388 Email: santak.holdings@santak.com.sg
Share Registrar:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623
Auditors:	Ernst & Young LLP Public Accountants and Chartered Accountants One Raffles Quay North Tower Level 18 Singapore 048583 Partner-in-charge: Pius Tan (since FY2013)

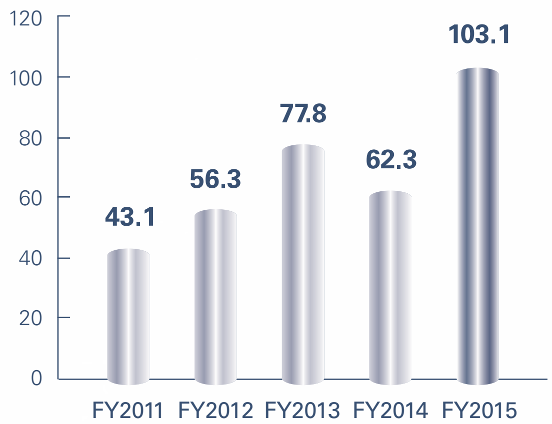
CORPORATE **STRUCTURE**



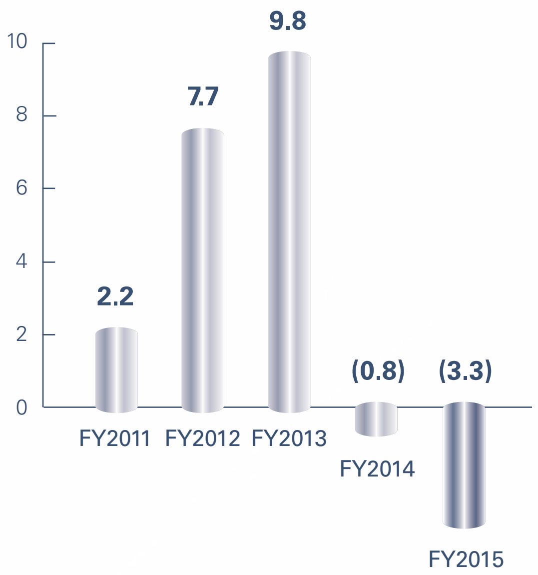
Note: The above chart shows the principal subsidiary companies of the Group.

FINANCIAL **HIGHLIGHTS**

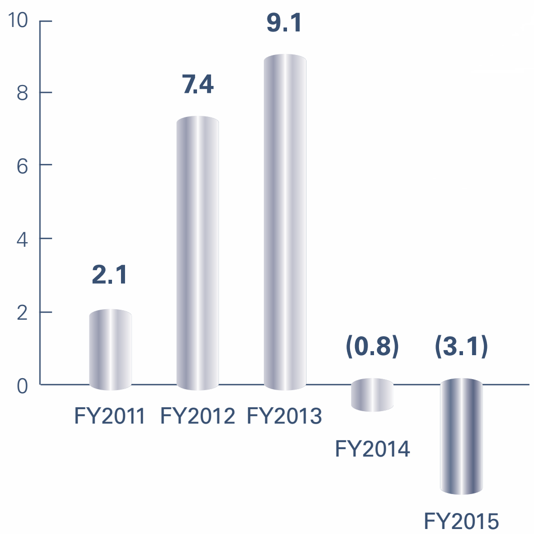
TURNOVER
(IN S$MILLION)



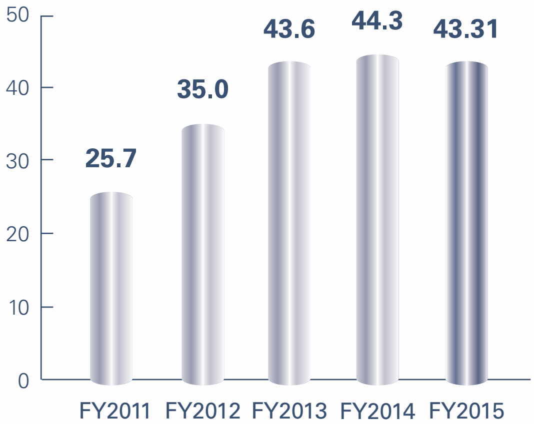
PROFIT/(LOSS) AFTER TAX
(IN S$MILLION)



DILUTED EARNINGS/(LOSS) PER SHARE
(IN CENTS)



NET ASSET VALUE PER SHARE
(IN CENTS)



FINANCIAL **REPORT**

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DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Santak Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2015.

Directors

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

Lee Keen Whye
Tan Chee Hawai
Ng Weng Wei
Tan Sin Hock
Heng Kheng Hwai
Ch'ng Jit Koon

Arrangements to enable Directors to acquire shares and debentures

Except for the options granted to Directors pursuant to the Santak Share Option Scheme 2001 which are disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company, as stated below:

	Direct interest as at		Deemed interest as at	
Name of Director	**1 July 2014**	**30 June 2015**	**1 July 2014**	**30 June 2015**
The Company				
Ordinary shares				
Lee Keen Whye	200,000	200,000	–	–
Tan Chee Hawai	47,858,570	47,858,570	4,667,000	4,667,000
Ng Weng Wei	1,618,000	1,618,000	–	–
Tan Sin Hock	6,704,100	6,704,100	–	–
Heng Kheng Hwai	4,667,000	4,667,000	47,858,570	47,858,570

Directors' interests in shares or debentures (cont'd)

Name of Director	Direct interest as at 1 July 2014	30 June 2015
Options to subscribe for ordinary shares		
Ng Weng Wei	800,000	800,000

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2015.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Tan Chee Hawai and Heng Kheng Hwai are deemed to have interests in shares of the subsidiary companies of the Company to the extent that the Company has interest.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in the shares, share options or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year, or on 21 July 2015.

Directors' contractual benefits

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

Share options

The Santak Share Option Scheme 2001 (the "Scheme") was approved and adopted at the Company's Extraordinary General Meeting held on 12 March 2001 to enable eligible Directors and employees of the Company and of the Group, other than controlling shareholders of the Company and their associates, to participate in the equity of the Company. The Scheme is administered by the Remuneration Committee, comprising one executive Director and two independent non-executive Directors, one of whom is also the Chairman of the Committee. The members of the Remuneration Committee are:

Lee Keen Whye (Chairman)
Ch'ng Jit Koon
Ng Weng Wei

Share options (cont'd)

The total number of new shares over which options may be granted pursuant to the Scheme shall not exceed 15% of the issued share capital of the Company on the date immediately preceding the offer date of the options ("Offer Date"). All options to be issued to executives of the Group and non-executive Directors of the Company will have a term no longer than 10 years and 5 years, respectively. Persons who are controlling shareholders and their associates shall not be eligible to participate in the Scheme. The exercise price of all options granted for new ordinary shares of the Company must not be less than 80% of the average of the last dealt prices of the shares of the Company for the five market days preceding the Offer Date as determined by the Remuneration Committee. Options granted at market price are exercisable after the first anniversary of the Offer Date. Options granted at a discount to market price are not exercisable before the second anniversary of the Offer Date. The grant of an option shall be accepted within 30 days from the Offer Date and accompanied by payment to the Company of a nominal consideration of $1.

Since the commencement of the Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant other than those disclosed in this Report has received 5% or more of the total options available under the Scheme;
- No participants of the Scheme are Directors or employees of the Company's parent company and its subsidiary companies, as the Company does not have any parent company;
- No options that entitle the holder to participate, by virtue of the options, in any shares issue of any other corporation have been granted; and
- No options have been granted at a discount.

Details of the share options to subscribe for ordinary shares of the Company pursuant to the Scheme as at 30 June 2015 are as follows:

Number of options	Exercise price	Exercise period
2,800,000	$0.239	15.9.2006 to 14.9.2015

As at the date of this report, 300,000 options granted under the Scheme were exercised. The remaining 2,500,000 options had lapsed.

Share options (cont’d)

Details of the share options to subscribe for ordinary shares of the Company granted to Directors of the Company and participants who have received 5% or more of the total number of options available under the Scheme are as follows:

	Options granted during the financial year under review	Aggregate options granted since commencement of Scheme to end of financial year under review	Aggregate options exercised or expired since commencement of Scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Name of Director				
Lee Keen Whye	–	1,400,000	(1,400,000)	–
Ch’ng Jit Koon	–	800,000	(800,000)	–
Ng Weng Wei	–	1,400,000	(600,000)	800,000
Name of participant				
Tan Chor Tat, Steven	–	1,400,000	(600,000)	800,000
Total	–	5,000,000	(3,400,000)	1,600,000

There were no unissued shares of subsidiary companies under option at the end of the financial year.

Audit Committee

The Audit Committee (the “AC”) comprises one non-executive Director and two independent non-executive Directors, one of whom is also the Chairman of the Committee. The members of the AC are:

Lee Keen Whye (Chairman)
Ch’ng Jit Koon
Heng Kheng Hwai

The AC performed the functions set out in the Companies Act and Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited: Rules of Catalist. In performing those functions, the AC reviewed the overall scope of the external audit functions and the assistance given by the Company’s officers to the auditors.

The AC had met with the external auditors to discuss the results of their audit. The AC had reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2015, as well as the external auditor’s report thereon.

DIRECTORS' **REPORT**

Audit Committee (cont'd)

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, the external auditors and ISO 9001 auditors as well as reviews performed by management, the AC and the Board, the Board with the concurrence of the AC is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems, are adequate and effective to meet the needs of the Group within the current scope of the Group's business operations.

The AC had reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Tan Chee Hawai
Director

Ng Weng Wei
Director

Singapore
21 September 2015

STATEMENT BY **DIRECTORS**

We, Tan Chee Hawai and Ng Weng Wei, being two of the Directors of Santak Holdings Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

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

On behalf of the Board of Directors,

Tan Chee Hawai
Director

Ng Weng Wei
Director

Singapore
21 September 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2015

Independent Auditor's Report to the members of Santak Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Santak Holdings Limited (the "Company") and its subsidiary companies (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 June 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditors consider 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.

Independent Auditor's Report to the members of Santak Holdings Limited (cont'd)

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
21 September 2015

CONSOLIDATED
INCOME STATEMENT
For the year ended 30 June 2015

	Note	2015 $	2014 $
Revenue	3	103,147,803	62,274,880
Cost of sales		(97,556,930)	(58,617,599)
Gross profit		5,590,873	3,657,281
Other operating income	4	2,615,229	981,435
Distribution and selling expenses		(3,012,492)	(2,411,956)
Administrative expenses		(3,473,941)	(2,698,684)
Other operating expenses	4	(3,720,615)	(2,211,454)
Finance costs	5	(1,343,621)	(831,267)
Finance income	5	47,122	96,490
Loss before taxation	6	(3,297,445)	(3,418,155)
Taxation	7	5,634	2,570,827
Loss for the year		(3,291,811)	(847,328)
Loss attributable to:			
Equity holders of the Company		(3,291,811)	(847,328)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic	9	(3.07)	(0.79)
Diluted	9	(3.07)	(0.79)

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

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	2015 $	2014 $
Loss for the year		(3,291,811)	(847,328)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net surplus on revaluation of leasehold property	25(ii)	–	4,883,481
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	25(iv)	2,799,217	(906,196)
Total other comprehensive income for the year, net of tax		2,799,217	3,977,285
Total comprehensive income for the year		(492,594)	3,129,957
Total comprehensive income attributable to:			
Equity holders of the Company		(492,594)	3,129,957

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

BALANCE
SHEETS
As at 30 June 2015

	Note	Group 2015	Group 2014	Company 2015	Company 2014
		$	$	$	$
Non-current assets					
Property, plant and equipment	10	31,975,997	29,946,190	243,587	286,491
Investments in subsidiary companies	11	–	–	8,113,176	8,113,176
Intangible assets	12	136,249	183,334	25,499	45,601
Restricted fixed deposits	13	2,734,707	2,529,809	–	–
Loan to a subsidiary company	17	–	–	4,030,000	4,030,000
Deferred tax assets	23	4,975,810	4,608,930	3,692	131
		39,822,763	37,268,263	12,415,954	12,475,399
Current assets					
Restricted fixed deposits	13	1,251,000	505,257	–	–
Inventories	14	26,043,348	8,378,843	–	–
Prepayments		1,872,476	465,368	22,359	22,340
Trade receivables	15	45,363,344	15,318,461	–	–
Other receivables	16	1,929,075	433,856	–	498
Due from subsidiary companies (non-trade)	17	–	–	1,798,952	1,726,184
Dividend receivable from a subsidiary company		–	–	200,000	388,000
Cash and cash equivalents	18	15,523,383	14,945,870	132,412	248,621
		91,982,626	40,047,655	2,153,723	2,385,643
Current liabilities					
Trade payables	19	27,655,787	8,574,315	–	–
Other liabilities	20	9,113,727	5,360,936	443,529	430,093
Loans and borrowings	21	31,160,909	12,039,581	–	–
Obligations under finance leases	22	54,483	163,589	31,728	30,620
Provision for taxation		78,607	248,045	9,560	8,823
		68,063,513	26,386,466	484,817	469,536
Net current assets		23,919,113	13,661,189	1,668,906	1,916,107

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

	Note	Group		Company	
		2015	2014	2015	2014
		$	$	$	$
Non-current liabilities					
Loans and borrowings	21	14,923,095	917,672	–	–
Obligations under finance leases	22	327,873	382,358	170,454	202,183
Deferred tax liabilities	23	2,024,722	2,134,237	–	–
		17,275,690	3,434,267	170,454	202,183
Net assets		46,466,186	47,495,185	13,914,406	14,189,323
Equity attributable to equity holders of the Company					
Share capital	24	12,780,487	12,780,487	12,780,487	12,780,487
Share option reserve	25(i)	304,947	542,228	304,947	542,228
Revaluation reserve	25(ii)	7,346,394	7,346,394	–	–
Statutory reserves	25(iii)	962,363	955,025	–	–
Translation reserve	25(iv)	3,225,432	426,215	–	–
Retained profits		21,846,563	25,444,836	828,972	866,608
		46,466,186	47,495,185	13,914,406	14,189,323

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

STATEMENTS OF **CHANGES IN EQUITY**

For the year ended 30 June 2015

2015 Group	Attributable to equity holders of the Company						
	Share capital (Note 24)	Share option reserve (Note 25i)	Retained profits	Revaluation reserve (Note 25ii)	Statutory reserves (Note 25iii)	Translation reserve (Note 25iv)	Total equity
	$	$	$	$	$	$	$
At 1 July 2014	12,780,487	542,228	25,444,836	7,346,394	955,025	426,215	47,495,185
Loss for the year	–	–	(3,291,811)	–	–	–	(3,291,811)
Other comprehensive income for the year, net of tax	–	–	–	–	–	2,799,217	2,799,217
Total comprehensive income for the year	–	–	(3,291,811)	–	–	2,799,217	(492,594)
Contributions by and distributions to owners							
Dividends on ordinary shares (Note 8)	–	–	(536,405)	–	–	–	(536,405)
Transfer of reserve	–	(237,281)	237,281	–	–	–	–
Transfer of statutory reserve	–	–	(7,338)	–	7,338	–	–
At 30 June 2015	12,780,487	304,947	21,846,563	7,346,394	962,363	3,225,432	46,466,186

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Attributable to equity holders of the Company						
2014 Group	**Share capital (Note 24)**	**Share option reserve (Note 25i)**	**Retained profits**	**Revaluation reserve (Note 25ii)**	**Statutory reserves (Note 25iii)**	**Translation reserve (Note 25iv)**	**Total equity**
	$	$	$	$	$	$	$
At 1 July 2013	12,594,937	542,228	28,427,784	2,462,913	955,025	1,332,411	46,315,298
Loss for the year	–	–	(847,328)	–	–	–	(847,328)
Other comprehensive income for the year, net of tax	–	–	–	4,883,481	–	(906,196)	3,977,285
Total comprehensive income for the year	–	–	(847,328)	4,883,481	–	(906,196)	3,129,957
Contributions by and distributions to owners							
Dividends on ordinary shares (Note 8)	–	–	(2,135,620)	–	–	–	(2,135,620)
Exercise of share options	185,550	–	–	–	–	–	185,550
At 30 June 2014	12,780,487	542,228	25,444,836	7,346,394	955,025	426,215	47,495,185

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

STATEMENTS OF **CHANGES IN EQUITY**

For the year ended 30 June 2015

	Attributable to equity holders of the Company			
Company	**Share capital (Note 24)**	**Share option reserve (Note 25i)**	**Retained profits**	**Total equity**
2015	**$**	**$**	**$**	**$**
At 1 July 2014	12,780,487	542,228	866,608	14,189,323
Profit for the year	–	–	261,488	261,488
Total comprehensive income for the year	–	–	261,488	261,488
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 8)	–	–	(536,405)	(536,405)
Transfer of reserve	–	(237,281)	237,281	–
At 30 June 2015	12,780,487	304,947	828,972	13,914,406
2014				
At 1 July 2013	12,594,937	542,228	2,562,439	15,699,604
Profit for the year	–	–	439,789	439,789
Total comprehensive income for the year	–	–	439,789	439,789
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 8)	–	–	(2,135,620)	(2,135,620)
Exercise of share options	185,550	–	–	185,550
At 30 June 2014	12,780,487	542,228	866,608	14,189,323

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

CONSOLIDATED
CASH FLOW STATEMENT

For the year ended 30 June 2015

	2015	2014
	$	$
Cash flows from operating activities		
Loss before taxation	(3,297,445)	(3,418,155)
Adjustments for:		
Depreciation of property, plant and equipment	4,798,200	4,465,401
Amortisation of intangible assets	55,174	54,184
Loss on disposal of property, plant and equipment	1,634	–
Interest expense	750,287	601,092
Interest income	(47,122)	(96,490)
Unrealised exchange loss/(gain)	833,319	(450,308)
Operating cash flows before working capital changes	3,094,047	1,155,724
(Increase)/decrease in:		
Inventories	(17,664,505)	1,012,147
Trade receivables	(30,044,883)	1,644,610
Other receivables and prepayments	(2,902,327)	(124,863)
Increase/(decrease) in:		
Trade payables	19,081,472	3,494,947
Other liabilities	2,880,930	(680,884)
Total changes in working capital	(28,649,313)	5,345,957
Cash flows (used in)/generated from operations	(25,555,266)	6,501,681
Interest received	47,122	96,490
Income taxes paid, net	(273,345)	(337,487)
Net cash flows (used in)/generated from operating activities	(25,781,489)	6,260,684
Cash flows from investing activities		
Purchase of plant and equipment (Note (a))	(4,625,326)	(3,197,789)
Purchase of intangible assets	(6,240)	(350)
Proceeds from disposal of plant and equipment	1,452	–
Net cash flows used in investing activities	(4,630,114)	(3,198,139)

CONSOLIDATED
CASH FLOW STATEMENT

For the year ended 30 June 2015

	2015	2014
	$	$
Cash flows from financing activities		
Repayment of loans and borrowings	(6,683,521)	(18,865,930)
Proceeds from loans and borrowings	39,189,052	3,018,788
Repayment of finance leases	(163,591)	(530,568)
Proceeds from share issue	–	185,550
Dividends paid	(536,405)	(2,135,620)
Interest paid	(750,287)	(601,092)
Placement of restricted fixed deposits	(751,000)	–
Net cash flows generated from/(used in) financing activities	30,304,248	(18,928,872)
Net decrease in cash and cash equivalents	(107,355)	(15,866,327)
Effect of exchange rate changes on cash and cash equivalents	684,868	(249,769)
Cash and cash equivalents at beginning of year	14,945,870	31,061,966
Cash and cash equivalents at end of year (Note 18)	15,523,383	14,945,870

Note (a): Purchase of plant and equipment

The cash outflow on acquisition of plant and equipment amounted to $4,625,326 (2014: $3,197,789). As at the balance sheet date, the Group has outstanding payables of $871,861 (2014: $634,773) relating to the purchase of plant and equipment.

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

1. Corporate information

Santak Holdings Limited is a limited liability company, which is incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 31 Senoko South Road, Woodlands East Industrial Estate, Singapore 758084.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to any company in which the Company has an interest. The principal activities of its subsidiary companies are as shown in Note 11.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD" or "$").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 July 2014. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016

2. Summary of significant accounting policies (cont'd)

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Asset Held for Sales and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for the impact of FRS 115 as described below, the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting judgements and estimates

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

(a) Judgements made in applying accounting policies

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

Determination of functional currency

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

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Provision for taxation and deferred taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting judgements and estimates (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(i) Provision for taxation and deferred taxation (cont'd)

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses.

The carrying amount of the Group's provision for taxation and deferred taxation as at 30 June 2015 were summarised as follows:

Provision for taxation	:	$78,607 (2014: $248,045)
Deferred tax assets	:	$4,975,810 (2014: $4,608,930)
Deferred tax liabilities	:	$2,024,722 (2014: $2,134,237)

(ii) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets, to be within 5 to 8 (2014: 5 to 8) years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 10% increase in the expected useful lives of these assets from management's estimates would result in approximately 13% (2014: 47%) decrease/increase in the Group's loss before tax.

The carrying amount of the Group's plant and equipment at the end of each reporting period is disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation and business combinations (cont'd)

(b) Business combinations

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

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

2.6 Foreign currency

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operations.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 Subsidiaries

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

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

2.8 Property, plant and equipment

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

Leasehold property is measured at fair value less accumulated depreciation and any accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold property at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to accumulated profits on retirement or disposal of the asset.

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

Leasehold property	50 years
Plant and machinery	5 – 8 years
Motor vehicles	5 – 10 years
Computers	2 – 5 years
Office equipment	10 years
Air-conditioners	10 years
Furniture and fittings	10 years
Renovation	10 years
Electrical installation	10 years
Tools and equipment	2 – 5 years

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment (cont'd)

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

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

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

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.9 Intangible assets (cont'd)

(a) Club membership

Club membership is stated at cost less impairment losses and is amortised over 30 years on a straight-line basis starting from the financial year ended 30 June 1994.

(b) Computer software licenses

Costs of SAP application software licenses and other software licenses are stated at cost less impairment losses and are amortised over 10 years and 3 to 5 years respectively on a straight-line basis.

A summary of the policies applied to the Group's intangible assets is as follows:

	Club membership	*Computer software licenses*
Internally generated or acquired	Acquired	Acquired
Useful lives and amortisation method used	• Finite (2014: Finite) • Amortised over 30 years on straight-line basis (2014: 30 years)	• Finite (2014: Finite) • Amortised over 3 to 10 years on straight-line basis (2014: 3 to 10 years)
Impairment testing	When an indication of impairment exists.	When an indication of impairment exists.
Review of amortisation period and method	Amortisation period and method are reviewed at end of each financial year.	Amortisation period and method are reviewed at end of each financial year.
Classification	Distribution and selling expenses and administrative expenses.	Cost of sales, distribution and selling expenses and administrative expenses.

2. Summary of significant accounting policies (cont'd)

2.10 Impairment of non-financial assets

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

Derecognition

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

Regular way purchase or sale of a financial asset

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

2. Summary of significant accounting policies (cont'd)

2.11 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.12 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

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

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

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

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

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

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials – purchase costs on a weighted average cost basis; and
- Finished goods and work-in-progress – costs of direct materials and labour and a proportion of manufacturing overheads.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd)

2.15 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) Employee share option plans

Employees (including senior executives) of the Group receive remuneration in the form of share options as consideration for services rendered ('equity-settled transactions'). The cost of equity-settled share based payment transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'), if applicable.

2. Summary of significant accounting policies (cont'd)

2.16 Employee benefits (cont'd)

(c) Employee share option plans (cont'd)

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

2. Summary of significant accounting policies (cont'd)

2.18 Leases (cont'd)

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as an agent in its commission arrangements and principal in all other revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Commission income

Commission income is recognised on an accrual basis.

2. **Summary of significant accounting policies (cont'd)**

2.19 Revenue (cont'd)

(c) Interest income

Interest income is recognised using the effective interest method.

2.20 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. **Summary of significant accounting policies (cont'd)**

2.20 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2. Summary of significant accounting policies (cont'd)

2.21 Segment reporting

The Group's operation is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the top management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.23 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2. Summary of significant accounting policies (cont'd)

2.24 Related parties

A related party is defined as follows:

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

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

  (ii) Has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

3. Revenue

	Group	
	2015	2014
	$	$
Sale of goods	103,147,803	62,255,005
Commission income	–	19,875
	103,147,803	62,274,880

4. Other operating income

Other operating expenses

	Group	
	2015	2014
	$	$
(a) Other operating income		
Sale of scrap	1,791,268	770,313
Government grant	339,866	180,136
Foreign exchange gain	460,021	–
Others	24,074	30,986
	2,615,229	981,435
(b) Other operating expenses		
Foreign exchange loss	–	(211,166)
New projects qualification & development cost	(3,718,981)	(2,000,288)
Loss on disposal of fixed assets	(1,634)	–
	(3,720,615)	(2,211,454)

5. Finance costs

Finance income

	Group	
	2015	2014
	$	$
(a) Finance costs		
Interest expense on:		
- term loans	(654,032)	(509,780)
- finance leases	(11,384)	(28,921)
- factoring	(84,871)	(62,391)
Bank facility fee - loans and factoring	(285,800)	–
Bank charges - factoring	(307,534)	(230,175)
	(1,343,621)	(831,267)
(b) Finance income		
Interest income from:		
- bank balances and fixed deposits	47,122	96,490

6. Loss before taxation

The following items have been included in arriving at loss before taxation:

	Group	
	2015	2014
	$	$
Employee benefits expense (Note 26)	17,330,020	12,658,258
Depreciation of property, plant and equipment	4,798,200	4,465,401
Amortisation of intangible assets	55,174	54,184
Foreign exchange (gain)/loss, net	(460,021)	211,166
Operating lease expenses	1,400,609	936,609
Loss on disposal of property, plant and equipment	1,634	–
Audit fees:		
- Auditors of the Company	140,000	135,000
- Other auditors	12,535	12,124
Non-audit fees:		
- Auditors of the Company	17,377	17,750
- Other auditors	3,006	–

7. Taxation

Major components of income tax

The major components of income tax for the years ended 30 June 2015 and 2014 are:

	Group	
	2015	2014
	$	$
Current income tax		
- Current income taxation	(100,044)	(165,786)
- (Under)/over provision in respect of previous years	(3,863)	90,166
Deferred tax		
- Original and reversal of temporary differences	93,941	1,118,918
- Over/(under) provision in respect of previous years	15,575	(1,416)
- Benefits from other deductible temporary differences	25	1,528,945
Tax credit	5,634	2,570,827

The deferred tax expense relates to net surplus on revaluation of leasehold property recognised in other comprehensive income is $Nil (2014: $1,000,519).

7. Taxation (cont'd)

Relationship between tax credit and accounting loss

The reconciliation between tax credit and the product of accounting loss multiplied by the applicable tax rate for the years ended 30 June 2015 and 2014 is as follows:

	Group	
	2015	**2014**
	$	$
Loss before taxation	(3,297,445)	(3,418,155)
Tax at the domestic rates applicable to profits in the countries where the Group operates	787,562	946,018
Adjustments:		
Non-deductible expenses	(510,633)	(184,780)
Income not subject to taxation	2,443	29,435
Effect of partial tax exemption and tax relief	114,595	285,971
Deferred tax assets not recognised	(2,386,039)	(6,690)
Utilisation of deferred tax assets previously not recognised	1,988,175	1,396,619
Overprovision in respect of previous years	11,738	88,750
Others	(2,207)	15,504
Tax credit	5,634	2,570,827

As at 30 June 2015, the Group has unutilised tax losses, unabsorbed capital allowances, and other deductible temporary differences amounting to approximately $195,000 (2014: $158,000), $50,000 (2014: $50,000) and $117,000 (2014: $93,000) respectively that are available for offset against future taxable profits of the respective companies in which the temporary differences arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these capital allowances and tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. These capital allowances and tax losses have no expiry date.

8. Dividends

	Group and Company	
	2015	2014
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares:		
First and final exempt (one-tier) dividend for 2014: 0.50 cents (2013: 0.50 cents) per share	536,405	533,905
Special exempt (one-tier) dividend for 2014: Nil (2013: 1.50 cents) per share	–	1,601,715
	536,405	2,135,620
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
First and final exempt (one-tier) dividend for 2015: 0.50 cents (2014: 0.50 cents) per share	536,405	536,405

These financial statements do not reflect the proposed dividends, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2016.

9. Loss per share

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

Diluted loss per share is calculated by dividing the loss for the year, net of tax, attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the loss for the year and share data used in the computation of basic and diluted loss per share for the years ended 30 June 2015 and 2014:

	Group	
	2015	2014
	$	$
Loss for the year attributable to ordinary equity holders of the Company for basic and diluted loss per share	(3,291,811)	(847,328)
Weighted average number of ordinary shares for basic loss per share	107,280,980	106,810,295
Weighted average number of ordinary shares for diluted loss per share	107,280,980	106,810,295

Since the end of the financial year, there is no share options (2014: Nil) that has been exercised to acquire ordinary shares (2014: Nil). There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completions of these financial statements.

NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2015

10. Property, plant and equipment

Group	At valuation	At cost										
	Leasehold property	Plant and machinery	Motor vehicles	Computers	Construction in progress	Office equipment	Air-conditioners	Furniture and fittings	Renovation	Electrical installation	Tools and equipment	Total
	$	$	$	$	$	$	$	$	$	$	$	$
Cost or valuation												
At 1 July 2013	6,000,000	58,833,024	1,126,995	823,564	–	166,397	991,549	623,580	2,472,346	3,781,172	2,571,753	77,390,380
Additions	–	48,760	74,244	78,468	2,757,306	–	221,592	28,029	362,616	43,370	218,177	3,832,562
Disposals	–	(10,000)	–	–	–	–	(2,353)	–	–	–	–	(12,353)
Revaluation surplus	5,884,000	–	–	–	–	–	–	–	–	–	–	5,884,000
Elimination of accumulated depreciation on revaluation	(384,000)	–	–	–	–	–	–	–	–	–	–	(384,000)
Exchange differences	–	(730,739)	(10,081)	(6,741)	–	(953)	(20,139)	(10,140)	(61,883)	(83,998)	(49,489)	(974,163)
At 30 June and 1 July 2014	11,500,000	58,141,045	1,191,158	895,291	2,757,306	165,444	1,190,649	641,469	2,773,079	3,740,544	2,740,441	85,736,426
Additions	–	986,550	–	170,674	–	2,450	762,633	180,559	1,331,026	1,301,917	761,378	5,497,187
Disposals	–	(29,400)	–	(27,955)	–	–	(16,836)	–	–	–	–	(74,191)
Adjustments/transfer during the year	–	157,943	–	30,742	(2,913,920)	–	650,787	–	1,085,628	988,820	–	–
Elimination of accumulated depreciation on revaluation	–	–	–	–	–	–	–	–	–	–	–	–
Exchange differences	–	2,362,031	33,221	27,113	156,614	3,312	97,419	37,173	254,086	318,965	177,631	3,467,565
At 30 June 2015	11,500,000	61,618,169	1,224,379	1,095,865	–	171,206	2,684,652	859,201	5,443,819	6,350,246	3,679,450	94,626,987

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2015

10. Property, plant and equipment

Group	At valuation	At cost										
	Leasehold property	Plant and machinery	Motor vehicles	Computers	Construction in progress	Office equipment	Air-conditioners	Furniture and fittings	Renovation	Electrical installation	Tools and equipment	Total
	$	$	$	$	$	$	$	$	$	$	$	$
Accumulated depreciation												
At 1 July 2013	192,000	44,794,080	356,060	754,451	–	148,962	484,088	455,621	1,184,156	1,535,839	2,441,820	52,347,077
Depreciation charge for the year	192,000	3,278,310	109,991	39,043	–	4,989	80,803	42,451	230,636	343,640	143,538	4,465,401
Disposals	–	(10,000)	–	–	–	–	(2,353)	–	–	–	–	(12,353)
Elimination of accumulated depreciation on revaluation	(384,000)	–	–	–	–	–	–	–	–	–	–	(384,000)
Exchange differences	–	(493,678)	(4,105)	(4,944)	–	(826)	(6,769)	(6,715)	(28,114)	(35,908)	(44,830)	(625,889)
At 30 June and 1 July 2014	–	47,568,712	461,946	788,550	–	153,125	555,769	491,357	1,386,678	1,843,571	2,540,528	55,790,236
Depreciation charge for the year	393,162	2,698,014	112,734	107,168	–	5,157	195,381	56,834	362,984	484,925	381,841	4,798,200
Disposals	–	(29,400)	–	(27,955)	–	–	(13,750)	–	–	–	–	(71,105)
Adjustments/transfer during the year	–	(773)	–	–	–	–	–	–	–	–	–	(773)
Exchange differences	–	1,664,171	14,622	18,630	–	2,957	26,250	23,621	100,692	129,942	153,547	2,134,432
At 30 June 2015	393,162	51,900,724	589,302	886,393	–	161,239	763,650	571,812	1,850,354	2,458,438	3,075,916	62,650,990
Net carrying amount												
At 30 June 2014	11,500,000	10,572,333	729,212	106,741	2,757,306	12,319	634,880	150,112	1,386,401	1,896,973	199,913	29,946,190
At 30 June 2015	11,106,838	9,717,445	635,077	209,472	–	9,967	1,921,002	287,389	3,593,465	3,891,808	603,534	31,975,997

10. Property, plant and equipment (cont'd)

Company	Computers	Motor vehicles	Total
	$	$	$
Cost			
At 1 July 2013	286,964	497,975	784,939
Additions	2,708	–	2,708
At 30 June and 1 July 2014	289,672	497,975	787,647
Additions	2,913	–	2,913
At 30 June 2015	292,585	497,975	790,560
Accumulated depreciation			
At 1 July 2013	281,113	173,325	454,438
Depreciation charge for the year	3,571	43,147	46,718
At 30 June and 1 July 2014	284,684	216,472	501,156
Depreciation charge for the year	2,670	43,147	45,817
At 30 June 2015	287,354	259,619	546,973
Net carrying amount			
At 30 June 2014	4,988	281,503	286,491
At 30 June 2015	5,231	238,356	243,587

Revaluation of leasehold property

The leasehold property of the Group was revalued at 30 June 2014 based on independent professional valuations carried out by an accredited valuer. These valuations are determined by the valuer based on the direct comparison method that makes reference to recent market transactions.

If the leasehold property was stated at cost less accumulated depreciation, the net carrying amount would have been $2,467,000 (2014: $2,555,000).

10. Property, plant and equipment (cont'd)

Assets held under finance leases

The carrying amount of plant and machinery and motor vehicles of the Group held under finance leases at the balance sheet date were $895,154 (2014: $1,183,000) and $372,050 (2014: $456,000) respectively. The Company's motor vehicles were held under finance leases.

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets under finance leases, the Group's leasehold property was mortgaged to a bank as security for term loans (Note 21). The leasehold property is a Jurong Town Corporation ("JTC") detached factory located at 31 Senoko South Road on a leasehold land area of 8,944 square metres. The leasehold property is subject to a 30 years lease commencing from 16 September 1993 with an entitlement for a further term of 30 years.

11. Investments in subsidiary companies

(a) These comprise:

	Company	
	2015	**2014**
	$	$
Unquoted equity shares, at cost	8,356,338	8,356,338
Impairment losses	(243,162)	(243,162)
	8,113,176	8,113,176

11. Investments in subsidiary companies (cont'd)

(b) Details of subsidiary companies as at 30 June are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held		Cost of investment	
			2015	2014	2015	2014
			%	%	$	$
Held by the Company						
Santak Metal Manufacturing Pte Ltd (1)	Singapore	Manufacture of precision machined components	100	100	8,113,173	8,113,173
Santak Industrial Pte Ltd (1)	Singapore	Trading and distribution of electronic, electrical and mechanical components/products	100	100	243,162	243,162
Santak Electronics Pte Ltd (1)	Singapore	Trading and distribution of electronic, electrical and mechanical components/ products (currently dormant)	100	100	3	3
					8,356,338	8,356,338

11. Investments in subsidiary companies (cont'd)

(b) Details of subsidiary companies as at 30 June are as follows (cont'd):

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held 2015 %	Percentage of equity held 2014 %
Held by Santak Metal Manufacturing Pte Ltd				
Santak Metal Manufacturing (Wuxi) Co., Ltd [(2)]	Wuxi, People's Republic of China	Manufacture of precision machined components, sub-assembly, die-casting as well as mould/fixture design and fabrication	100	100
Wuxi Tech Precision Engineering Co., Ltd [(2)]	Wuxi, People's Republic of China	Manufacture of precision machined components, mould/ fixture design and fabrication	100	100
T.N.K. Precision Engineering Work Pte Ltd [(1)]	Singapore	Manufacture of precision machined components (currently dormant)	100	100
Hang Yip Metal Manufacturing Pte Ltd [(1)]	Singapore	Manufacture of precision machined components (currently dormant)	100	100
Held by Santak Electronics Pte Ltd				
Santak Electronics Sdn Bhd [(3)]	Malaysia	Manufacture of electronic, electrical and mechanical components and products (currently dormant)	100	100

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by Wuxi Zhongxin Certified Public Accountants Co., Ltd, a firm of Certified Public Accountants in Wuxi, People's Republic of China.
(3) Audited by Low & Co., a firm of Chartered Accountants in Malaysia.

As required by Rule 716 of the Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited: Rules of Catalist, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for its overseas subsidiary companies would not compromise the standard and effectiveness of the audit of the Group.

12. Intangible assets

Group	Club membership $	Computer software licenses $	Total $
Cost			
At 1 July 2013	150,000	548,453	698,453
Net exchange differences	–	(5,430)	(5,430)
Addition	–	350	350
At 30 June and 1 July 2014	150,000	543,373	693,373
Net exchange differences	–	17,380	17,380
Addition	–	6,240	6,240
At 30 June 2015	150,000	566,993	716,993
Accumulated amortisation			
At 1 July 2013	123,168	337,061	460,229
Amortisation	2,334	51,850	54,184
Net exchange differences	–	(4,374)	(4,374)
At 30 June and 1 July 2014	125,502	384,537	510,039
Amortisation	2,334	52,840	55,174
Net exchange differences	–	15,531	15,531
At 30 June 2015	127,836	452,908	580,744
Net carrying amount			
At 30 June 2014	24,498	158,836	183,334
At 30 June 2015	22,164	114,085	136,249

12. Intangible assets (cont'd)

Company	Computer software license $
Cost	
At 1 July 2013, 30 June and 1 July 2014	210,227
Addition	1,140
At 30 June 2015	211,367
Accumulated amortisation	
At 1 July 2013	143,551
Amortisation	21,075
At 30 June and 1 July 2014	164,626
Amortisation	21,242
At 30 June 2015	185,868
Net carrying amount	
At 30 June 2014	45,601
At 30 June 2015	25,499

13. Restricted fixed deposits

Restricted fixed deposits consist of fixed deposits pledged to banks to secure credit facilities (Note 21) granted to and utilised by a subsidiary company. The proportionate withdrawals of the fixed deposits are restricted until the liabilities under the said banking facilities have been discharged accordingly.

Restricted fixed deposits earns interests at the bank's prevailing fixed deposit rates.

14. Inventories

	Group	
	2015	2014
	$	$
Balance sheet:		
Raw materials	3,832,653	1,350,470
Work-in-progress	7,713,767	5,399,143
Finished goods	14,496,928	1,629,230
Total inventories at lower of cost and net realisable value	26,043,348	8,378,843
Income statement:		
Inventories recognised as an expense in cost of sales	97,556,930	58,617,599
Inclusive of the following charge/(credit):		
- inventories written down	826,475	432,091
- reversal of write down of inventories	(137,446)	(328,117)

The reversal of write down of inventories is made when the related inventories were utilised or sold above their carrying amounts.

15. Trade receivables

	Group	
	2015	2014
	$	$
Trade receivables	45,446,166	15,400,619
Less: Allowance for doubtful receivables	(82,822)	(82,158)
	45,363,344	15,318,461

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

Included in trade receivables at 30 June were trade receivables from customers amounting to $12,016,723 (2014: $2,871,582) sold to a bank under factoring arrangements. These factored trade receivables was included in trade receivables as the Group still retained the risk and rewards associated with the delay and default in payment by customers. These factored trade receivables were secured by credit insurance policies from a financial institution.

15. Trade receivables (cont'd)

Trade receivables denominated in foreign currencies at 30 June are as follows:

	Group	
	2015	2014
	$	$
United States Dollar	24,245,394	10,844,002

Receivables that are past due but not impaired

The Group has trade receivables amounting to $16,195,367 (2014: $4,680,290) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date are as follows:

	Group	
	2015	2014
	$	$
Trade receivables past due:		
Lesser than 30 days	7,813,030	3,557,638
30 to 90 days	7,585,042	1,112,649
91 to 120 days	797,295	10,003
	16,195,367	4,680,290

15. Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance account used to record the impairment are as follows:

	Group	
	Individually impaired	
	2015	2014
	$	$
Trade receivables – nominal	82,822	82,158
Less: Allowance for doubtful receivables	(82,822)	(82,158)
	–	–
Movement in allowance		
At 1 July	82,158	82,365
Exchange differences	664	(207)
At 30 June	82,822	82,158

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

16. Other receivables

	Group	
	2015	2014
	$	$
Deposits	626,415	429,887
Sundry receivables	1,302,660	3,969
	1,929,075	433,856

17. Loan to a subsidiary company

Due from subsidiary companies (non-trade)

The loan to a subsidiary company is unsecured, interest-free, has no fixed repayment terms but is not expected to be repaid within the next twelve months and is to be settled in cash.

The amounts due from subsidiary companies are unsecured, interest-free, repayable on demand and are to be settled in cash.

18. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 30 June 2015, the Group had available, undrawn committed banking facilities of $11,932,000 (2014: $42,608,000) in respect of which all conditions precedent had been met.

Cash and cash equivalents denominated in foreign currencies at 30 June are as follows:

	Group	
	2015	2014
	$	$
United States Dollar	11,699,357	11,662,674

The Renminbi is not freely convertible into foreign currencies. Under the People's Republic of China ("PRC") foreign exchange control regulations and administration of settlement, sales and payment of foreign exchange regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

19. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Trade payables denominated in foreign currencies at 30 June are as follows:

	Group	
	2015	2014
	$	$
United States Dollar	88,735	362,610

20. Other liabilities

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Accrued operating expenses	4,249,257	3,040,415	386,760	371,042
Sundry payables	4,864,470	2,320,521	56,769	59,051
	9,113,727	5,360,936	443,529	430,093

Other liabilities are non-interest bearing and are granted average credit terms of three to six months.

21. Loans and borrowings

	Maturities	Group 2015 $	Group 2014 $
Secured term loans			
Term loan I – USD loan	2010 – 2018	254,177	311,530
Term loan II – SGD loan	2012 – 2016	302,153	689,513
Term loan III – USD loan	2012 – 2015	–	3,244,800
Term loan IV – SGD loan	2010 – 2014	–	153,830
Term loan V – USD loan	2015	2,690,000	2,496,000
Term loan VI – SGD loan	2012 – 2014	–	249,964
Term loan VII – SGD loan	2015	1,000,000	1,000,000
Term loan VIII – SGD loan	2015	500,000	500,000
Term loan IX – SGD loan	2011 – 2015	380,040	1,440,034
Term loan X – SGD loan	2017	4,170,000	–
Term loan XI – SGD loan	2015	1,500,000	–
Term loan XII – USD loan	2014 – 2018	19,092,573	–
Term loan XIII – USD loan	2014 – 2017	4,178,338	–
Total term loans		34,067,281	10,085,671
Bank advances on factored trade receivables (Note 15)	2015	12,016,723	2,871,582
Total loans and borrowings		46,084,004	12,957,253
Due within 12 months		31,160,909	12,039,581
Due after 12 months		14,923,095	917,672
		46,084,004	12,957,253

21. Loans and borrowings (cont'd)

(a) Term loans I, III, IV, V, VII, VIII, IX, XI, XII and XIII are secured by:-

(i) a legal mortgage over a subsidiary company's leasehold property as disclosed in Note 10 of the financial statements

(ii) a letter of charge and set-off over a subsidiary company's fixed deposits as disclosed in Note 13 of the financial statements; and

(iii) a corporate guarantee from the Company.

(b) Term loan II is secured by a corporate guarantee from the Company.

(c) Term loans VI and X are secured by a letter of charge and set-off over a subsidiary company's fixed deposit as disclosed in Note 13 of the financial statements and a corporate guarantee from the Company.

(d) Term loan I is repayable over 91 months commencing from December 2010 and bears interests at 1.5% per annum over the 1-month Singapore Inter Bank Offer Rate ("SIBOR").

(e) Term loan II is repayable over 48 months commencing from April 2012 and bears interests at 4.5% per annum.

(f) Term loan III is repayable over 27 months commencing from June 2012 and bears interests at the higher of 2.75% per annum over the prevailing 3-month SIBOR or 2.75% per annum over the prevailing 3-month cost of funds of the bank.

(g) Term loan IV is repayable over 48 months commencing from October 2010 and bears interests at 2.25% per annum over the 6-month SIBOR.

(h) Term loan V is a revolving credit facility maturing in July 2015 and bears interests at the higher of 2.25% per annum over the prevailing SIBOR or 2.25% per annum above the prevailing cost of funds of the bank. Subject to the bank's approval, the loan may be rolled-over upon maturity for periods up to 6 months at each roll-over date.

(i) Term loan VI is repayable over 24 months commencing from September 2012 and bears interests at 2.75% per annum over the prevailing cost of funds of the bank.

(j) Term loan VII is a revolving credit facility maturing in July 2015 and bears interest of the higher of 1.75% per annum above the bank's prevailing swap offer rate or 1.75% per annum over the prevailing cost of funds of the bank. Subject to the bank's approval, the loan may be rolled-over upon maturity for periods of up to 6 months at each roll-over date.

(k) Term loan VIII is a revolving credit facility maturing in July 2015 and bears interests at the higher of 1.75% per annum above the bank's prevailing swap offer rate or 1.75% per annum over the prevailing cost of funds of the bank. Subject to the bank's approval, the loan may be rolled-over upon maturity for periods of up to 6 months at each roll-over date.

21. Loans and borrowings (cont'd)

(l) Term loan IX is repayable over 48 months commencing from December 2011 and bears interests at the higher of 2.25% per annum above the bank's 3-month swap offer rate or 2.25% per annum over the 3-month cost of funds of the bank.

(m) Term loan X is a revolving credit facility maturing in October 2017 and bears interests at mutually agreed rate determined on date of roll-over. Subject to the bank's approval, the loan may be rolled-over upon maturity for periods of up to 3 months at each roll-over date.

(n) Term loan XI is a revolving credit facility maturing in July 2015 and bears interests at the higher of 1.75% per annum above the bank's prevailing swap offer rate or 1.75% over the prevailing cost of funds of the bank. Subject to the bank's approval, the loan may be rolled-over upon maturity for periods of up to 6 months at each roll-over date.

(o) Term loan XII is repayable over 48 months commencing from October 2014 and bears interests at the higher of 2.5% per annum over the prevailing 3-month London Inter Bank Offer Rate ("LIBOR") or 2.5% per annum over the prevailing 3-month cost of funds of the bank.

(p) Term loan XIII is repayable over 31 months commencing from December 2014 and bears interests at the higher of 2.5% per annum over the prevailing 3-month LIBOR or 2.5% per annum over the prevailing 3-month cost of funds of the bank.

(q) Bank advances on factored trade receivables bear interests at the higher of 1.25% per annum over the prevailing LIBOR or 1.25% per annum over the bank's prevailing cost of funds until payment is received by the bank. The bank advances on factored trade receivables are secured by credit insurance policies on the factored receivables.

22. Obligations under finance leases

The Group's property, plant and equipment include leased plant and machinery and motor vehicles used in the business operations of the precision engineering and assembly division. These leases are classified as finance leases, which expire over the next 10 years and do not contain restrictions concerning dividends, additional debt or further leasing. The effective interest rates in the leases range from 3.59% to 4.5% (2014: 3.59% to 4.5%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Group	Maturities	Minimum lease payments 2015 $	Present value of payments 2015 $	Minimum lease payments 2014 $	Present value of payments 2014 $
Not later than one year	2016	67,327	54,483	179,170	163,589
Later than one year but not later than five years	2017 - 2020	269,280	238,579	336,600	350,854
More than five years	2021	92,069	89,294	92,069	31,504
Total minimum lease payments		428,676	382,356	607,839	545,947
Less: amounts representing finance charges		(46,320)	–	(61,892)	–
Present value of minimum lease payments		382,356	382,356	545,947	545,947

Company	Maturities	Minimum lease payments 2015 $	Present value of payments 2015 $	Minimum lease payments 2014 $	Present value of payments 2014 $
Not later than one year	2016	38,472	31,728	38,472	30,620
Later than one year but not later than five years	2017 - 2020	153,888	138,950	192,360	170,679
More than five years	2021	32,014	31,504	32,014	31,504
Total minimum lease payments		224,374	202,182	262,846	232,803
Less: amounts representing finance charges		(22,192)	–	(30,043)	–
Present value of minimum lease payments		202,182	202,182	232,803	232,803

23. Deferred taxation

Deferred income tax as at 30 June relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$
Deferred tax liabilities						
Differences in depreciation for tax purposes	(577,082)	(634,006)	(56,924)	(44,085)	–	–
Provisions	19,186	20,423	1,237	519	–	–
Revaluation of leasehold property to fair value	(1,466,826)	(1,520,654)	(53,828)	(17,781)	–	–
	(2,024,722)	(2,134,237)			–	–
Deferred tax assets						
Difference in depreciation	1,215,711	1,126,079	–	18,388	3,692	131
Unutilised tax lossses	3,620,657	3,346,058	–	(2,680,572)	–	–
Provision	147,681	136,793	–	181,234	–	–
Others	(8,239)	–	(26)	(104,150)	–	–
	4,975,810	4,608,930			3,692	131
			(109,541)	(2,646,447)		

Tax consequences of proposed dividend

There are no income tax consequences (2014: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 8).

24. Share capital

	Group and Company			
	2015	2015	2014	2014
	No. of shares	$	No. of shares	$
Ordinary shares issued and fully paid				
At beginning of the year	107,280,980	12,780,487	106,130,980	12,594,937
Exercise of share option	–	–	1,150,000	185,550
At end of the year	107,280,980	12,780,487	107,280,980	12,780,487

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. The ordinary shares have no par value.

The Company has a share option scheme (Note 26) under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

25. Other reserves

(i) Share option reserve

Share option reserve represents the equity-settled share options granted to employees (Note 26). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2015	2014
	$	$
At beginning of the year	542,228	542,228
Transfer of reserve	(237,281)	–
At end of the year	304,947	542,228

25. Other reserves (cont'd)

(ii) Revaluation reserve

The revaluation reserve records increases in the fair value of leasehold property, net of tax, and decreases to the extent that such decreases relate to increases on the same asset previously recognised in other comprehensive income.

	Group	
	2015	**2014**
	$	**$**
At beginning of the year	7,346,394	2,462,913
Surplus on revaluation of leasehold property (Note 10)	–	5,884,000
Deferred tax on revaluation of leasehold property	–	(1,000,519)
Net surplus on revaluation of leasehold property	–	4,883,481
At end of the year	7,346,394	7,346,394

(iii) Statutory reserves

In accordance with the relevant laws and regulations of the People's Republic of China ("PRC"), Santak Metal Manufacturing (Wuxi) Co., Ltd. and Wuxi Tech Precision Engineering Co., Ltd. (the "subsidiary companies") are required to set up statutory reserves by way of appropriations from their statutory net profit. The subsidiary companies are required to allocate at least 10% of their net profit after taxation to the statutory reserves until the balance of their respective statutory reserves reach 50% of their respective registered capital. The statutory reserves may be used to offset accumulated losses or increase the registered capitals of the subsidiary companies, amongst others, which are subject to the approval from the PRC authorities. The statutory reserve is not available for dividend distribution to shareholders.

	Group	
	2015	**2014**
	$	**$**
At beginning of the year	955,025	955,025
Transfer from retained profits	7,338	–
At end of the year	962,363	955,025

25. Other reserves (cont'd)

(iv) Translation reserve

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

	Group	
	2015	2014
	$	$
At beginning of the year	426,215	1,332,411
Net effect of exchange differences arising from translation of financial statements of foreign operations	2,799,217	(906,196)
At end of the year	3,225,432	426,215

26. Employee benefits

	Group	
	2015	2014
	$	$
Employee benefits expense (including directors and key management personnel):		
Salaries, wages and bonuses	12,257,222	9,828,172
Pension contributions	2,623,170	1,763,587
Other personnel expenses	2,449,628	1,066,499
	17,330,020	12,658,258

Santak Share Option Scheme 2001

The Santak Share Option Scheme 2001 (the "Scheme") was approved and adopted at the Company's Extraordinary General Meeting held on 12 March 2001 to enable eligible Directors and employees of the Company and of the Group, other than controlling shareholders of the Company and their associates, to participate in the equity of the Company. The Scheme is administered by the Remuneration Committee.

26. Employee benefits (cont'd)

Santak Share Option Scheme 2001 (cont'd)

The total number of new shares over which options may be granted pursuant to the Scheme shall not exceed 15% of the issued share capital of the Company on the date immediately preceding the offer date of the options ("Offer Date"). All options to be issued to executives of the Group and non-executive Directors of the Company will have a term no longer than 10 years and 5 years respectively. Persons who are controlling shareholders and their associates shall not be eligible to participate in the Scheme. The exercise price of all options granted for new ordinary shares of the Company must not be less than 80% of the average of the last dealt prices of the shares of the Company for the five market days preceding the Offer Date as determined by the Remuneration Committee. Options granted at market price are exercisable after the first anniversary of the Offer Date. Options granted at a discount to market price are not exercisable before the second anniversary of the Offer Date. The grant of an option shall be accepted within 30 days from the Offer Date and accompanied by payment to the Company of a nominal consideration of $1.

Details of the number and weighted average exercise prices ("WAEP") of, and the movements in share options during the year are as follows:

	No. 2015	WAEP 2015 $	No. 2014	WAEP 2014 $
Outstanding at beginning of year	2,800,000	0.239	4,000,000	0.216
Exercised during the year [1]	–	–	(1,150,000)	0.161
Lapsed during the year	–	–	(50,000)	0.145
Outstanding at end of year [2]	2,800,000	0.239	2,800,000	0.239
Exercisable at end of year	2,800,000	0.239	2,800,000	0.239

[1] The weighted average share price at the date of exercise of the options exercised during the financial year was $Nil (2014: $0.161)

[2] The exercise price for options outstanding at the end of the year was $0.239 (2014: $0.239). The weighted average remaining contractual life for these options is 3 months (2014: 1.3 years).

26. Employee benefits (cont'd)

Santak Share Option Scheme 2001 (cont'd)

No new share options have been granted during the year. In 2006, the fair value of share options as at the date of grant was estimated using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used in 2006 are shown below:

Dividend yield (%)	1.784
Expected volatility (%)	64.7
Historical volatility (%)	64.7
Risk-free interest rate (%)	2.46
Expected life of option (years)	4
Weighted average share price at grant date ($)	0.225

The expected life of the options was based on historical data and was not necessarily indicative of exercise patterns that might occur. The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which might also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

27. Commitments and contingent liabilities

(a) Operating lease commitments

The Group has various operating lease agreements for its offices and factory premises. These leases have an average tenure of between 5 and 60 years with no contingent rent provision included in the contracts. Most leases contain renewable options. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. Operating lease payments recognised in the consolidated income statement during the year amounted to $1,400,609 (2014: $936,609).

Future minimum lease payments payable under non-cancellable operating leases as at 30 June are as follows:

	Group	
	2015	2014
	$	$
Not later than one year	1,721,276	1,442,255
Later than one year but not later than five years	2,603,743	3,083,719
Later than five years	5,393,859	5,265,619
	9,718,878	9,791,593

27. Commitments and contingent liabilities (cont'd)

(b) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements is as follows:

	Group	
	2015	**2014**
	$	$
Commitments in respect of property, plant and equipment	1,013,000	4,217,000

(c) Contingent liabilities

Corporate guarantees

The Company issued corporate guarantees amounting to approximately $111,272,000 (2014: $103,224,000) in favour of certain financial institutions for banking and finance lease facilities granted to and utilised by a subsidiary company. The fair value of such guarantees was not significant in the current and previous financial years.

At the end of the reporting period, the outstanding liabilities of the subsidiary company which were secured by the abovementioned corporate guarantees amounted to approximately $46,264,000 (2014: $13,270,000).

28. Related party transactions

(a) Purchase of services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

Related parties	**Rendering of advisory services**	
	2015	**2014**
	$	$
Other director's interest	96,000	96,000

28. Related party transactions (cont'd)

(a) Purchase of services (cont'd)

Other director's interest

The Company has entered into a contract with Strategic Alliance Capital Pte Ltd ("SAC"), a company of which a Director of the Company is a member and has a substantial financial interest, for the provision of advisory and consultancy services. As at 30 June 2015, $Nil (2014: $Nil) due to SAC was outstanding.

(b) Compensation of key management personnel

	Group	
	2015	2014
	$	$
Salaries and other short-term employee benefits	1,782,423	1,780,752
Central Provident Fund contributions	78,431	76,282
	1,860,854	1,857,034
Comprise amounts paid to:		
Directors of the Company	870,407	867,029
Other key management personnel	990,447	990,005
	1,860,854	1,857,034

Directors' interests in an employee share option plan

During the financial year, a Director exercised options for Nil (2014: Nil) ordinary shares of the Company at a price of $Nil (2014: $ Nil) each under the Santak Share Option Scheme 2001 (Note 26), with total cash consideration of $Nil (2014: $ Nil) paid to the Company.

No share option was granted to the Directors during the year.

29. Segment information

For management purposes, the Group is organised on a world-wide basis into three main operating divisions, namely Precision engineering and assembly, Trading and distribution and Investment and management services:

Precision engineering and assembly:	Manufacture of precision machined components, sub-assembly, die-casting as well as mould/fixture design and fabrication.
Trading and distribution:	Trading and distribution of electronic, electrical and mechanical components/products.
Investment and management services:	Investments holding, provision of management, administrative, supervisory and consultancy services to Group entities.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments took place at terms agreed between the parties during the financial year.

29. Segment information (cont'd)

(a) Operating segment

The following table presents revenue and results information regarding the Group's operating segments for the years ended 30 June 2015 and 2014.

2015	Precision engineering and assembly	Trading and distribution	Investment and management services	Adjustments and eliminations	Notes	Total
	$	$	$	$		$
Revenue						
Sales to external customers	99,947,524	3,200,279	–	–		103,147,803
Inter-segment sales	230,381	302	1,715,000	(1,945,683)	A	–
Total revenue	100,177,905	3,200,581	1,715,000	(1,945,683)		103,147,803
Results						
Interest income	46,902	220	–	–		47,122
Interest expenses	(744,675)	–	(5,612)	–		(750,287)
Depreciation and amortisation	(4,784,245)	(2,071)	(67,058)	–		(4,853,374)
Other non-cash expenses	(828,109)	(4,818)	–	–	B	(832,927)
Taxation	12,336	(759)	(5,943)	–		5,634
Segment profit/(loss)	(3,397,928)	44,629	261,488	(200,000)	C	(3,291,811)
Assets						
Additions to non-current assets	5,496,722	2,652	4,053	–	D	5,503,427
Segment assets	130,700,814	1,074,977	14,565,985	(14,536,387)	E	131,805,389
Liabilities						
Segment liabilities	89,750,731	1,360,173	651,580	(6,423,281)	F	85,339,203

29. Segment information (cont'd)

(a) Operating segment (cont'd)

2014	Precision engineering and assembly $	Trading and distribution $	Investment and management services $	Adjustments and eliminations $	Notes	Total $
Revenue						
Sales to external customers	58,694,966	3,579,914	–	–		62,274,880
Inter-segment sales	327,047	908	1,903,000	(2,230,955)	A	–
Total revenue	59,022,013	3,580,822	1,903,000	(2,230,955)		62,274,880
Results						
Interest income	96,329	161	–	–		96,490
Interest expenses	(594,693)	–	(6,399)	–		(601,092)
Depreciation and amortisation	(4,451,015)	(777)	(67,793)	–		(4,519,585)
Other non-cash expenses	(432,091)	–	–	–	B	(432,091)
Taxation	2,574,568	(2,397)	(1,344)	–		2,570,827
Segment profit/(loss)	(928,298)	29,181	439,789	(388,000)	C	(847,328)
Assets						
Additions to non-current assets	3,826,548	3,656	2,708	–	D	3,832,912
Segment assets	76,168,477	931,218	14,860,911	(14,644,688)	E	77,315,918
Liabilities						
Segment liabilities	34,446,338	1,234,720	671,587	(6,531,912)	F	29,820,733

Notes: *Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements*

29. Segment information (cont'd)

(a) Operating segment (cont'd)

A *Inter-segment revenues are eliminated on consolidation.*

B *Other non-cash expenses consist of inventories written down amounting to $826,475 (2014: $432,091), provision for diminution in investment amounting to $4,818 (2014: $Nil) and fixed assets disposal amounting to $1,634 (2014: $Nil) as presented in the respective notes to the financial statements.*

C *The following item is deducted from segment profit to arrive at "Loss before taxation" presented in the consolidated income statement:*

	2015	2014
	$	$
Inter-segment income	200,000	388,000

D *Additions to non-current assets mainly consists of additions to plant and machinery and intangible assets.*

E *The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet:*

	2015	2014
	$	$
Investments in subsidiary companies	(8,113,176)	(8,113,176)
Inter-segment assets	(6,423,211)	(6,531,512)
	(14,536,387)	(14,644,688)

F *The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:*

	2015	2014
	$	$
Inter-segment liabilities	(6,423,281)	(6,531,912)

29. Segment information (cont'd)

(b) Geographical segment

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue $	Non-current assets $
2015		
Singapore	978,589	12,966,835
Asean (excluding Singapore)	6,553,248	–
North Asia	90,942,918	19,145,411
America and Europe	4,534,146	–
Others	138,902	–
Total	103,147,803	32,112,246
2014		
Singapore	849,722	13,769,801
Asean (excluding Singapore)	6,131,332	–
North Asia	50,944,381	16,359,723
America and Europe	4,327,449	–
Others	21,996	–
Total	62,274,880	30,129,524

29. Segment information (cont'd)

(b) Geographical segment (cont'd)

Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

Information about major customers

The Group derives revenue from three (2014: two) major customers arising from sales from the precision engineering and assembly segment are as follows:

	2015	2014
	$	$
Customer A	1,782,670*	19,159,610
Customer B	15,878,953	15,966,293
Customer C	21,516,862	554,959*
Customer D	19,871,974	343,019*
	59,050,459	36,023,881

* These figures are presented for comparative purposes only.

30. Financial risk management objectives and policies

The Group's and the Company's principal financial instruments comprise bank borrowings, lease obligations, fixed deposits and cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's and the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's and the Company's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Group's overall approach to risk management is to minimise potential adverse effects on the financial performance of the Group.

30. Financial risk management objectives and policies (cont'd)

There has been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their fixed deposits, cash and bank balances and loans and borrowings.

The Group manages its interest costs by obtaining the most favourable interest rates available without increasing its foreign currency exposure. Surplus funds are placed with reputable bank and/or financial institutions.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 50 (2014: 50) basis points lower/higher with all other variables held constant, the Group's loss net of tax would have been approximately $156,000 (2014: $26,000) higher/lower, arising mainly as a result of lower/higher expense on floating rate bank borrowings and lower/higher interest income from floating rate bank balances.

Liquidity risk

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

To manage liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effect of fluctuations in cash flows.

The Group assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. Access to sources of funding is sufficiently available and certain debt maturing within 12 months can be rolled over with existing lenders.

30. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

2015	Within 1 year $	1 to 5 years $	More than 5 years $	Total $
Group				
Financial assets:				
Restricted fixed deposits	1,251,000	2,734,707	–	3,985,707
Trade and other receivables (excluding GST receivables)	41,983,424	–	–	41,983,424
Cash and cash equivalents	15,523,383	–	–	15,523,383
Total undiscounted financial assets	58,757,807	2,734,707	–	61,492,514
Financial liabilities:				
Trade payables (excluding GST payables)	(27,654,248)	–	–	(27,654,248)
Other liabilities (excluding GST payables)	(9,090,159)	–	–	(9,090,159)
Loans and borrowings	(31,884,921)	(15,241,387)	–	(47,126,308)
Obligations under finance leases	(67,327)	(269,280)	(92,069)	(428,676)
Total undiscounted financial liabilities	(68,696,655)	(15,510,667)	(92,069)	(84,299,391)
Total net undiscounted financial liabilities	(9,938,848)	(12,775,960)	(92,069)	(22,806,877)

30. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

	Within 1 year	1 to 5 years	More than 5 years	Total
2014	$	$	$	$
Group				
Financial assets:				
Restricted fixed deposits	506,646	2,537,399	–	3,044,045
Trade and other receivables (excluding GST receivables)	12,863,181	–	–	12,863,181
Cash and cash equivalents	14,945,870	–	–	14,945,870
Total undiscounted financial assets	28,315,697	2,537,399	–	30,853,096
Financial liabilities:				
Trade payables (excluding GST payables)	(8,570,680)	–	–	(8,570,680)
Other liabilities (excluding GST payables)	(5,358,835)	–	–	(5,358,835)
Loans and borrowings	(12,163,925)	(931,705)	–	(13,095,630)
Obligations under finance leases	(179,170)	(336,600)	(92,069)	(607,839)
Total undiscounted financial liabilities	(26,272,610)	(1,268,305)	(92,069)	(27,632,984)
Total net undiscounted financial assets/(liabilities)	2,043,087	1,269,094	(92,069)	3,220,112
2015				
Company				
Financial assets:				
Loan to a subsidiary company	–	–	4,030,000	4,030,000
Due from subsidiary companies (non-trade)	1,798,952	–	–	1,798,952
Dividend receivable from a subsidiary company	200,000	–	–	200,000
Cash and cash equivalents	132,412	–	–	132,412
Total undiscounted financial assets	2,131,364	–	4,030,000	6,161,364
Financial liabilities:				
Other liabilities (excluding GST payables)	(420,171)	–	–	(420,171)
Obligations under finance leases	(38,472)	(153,888)	(32,014)	(224,374)
Total undiscounted financial liabilities	(458,643)	(153,888)	(32,014)	(644,545)
Total net undiscounted financial assets/(liabilities)	1,672,721	(153,888)	3,997,986	5,516,819

30. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

2014	Within 1 year $	1 to 5 years $	More than 5 years $	Total $
Company				
Financial assets:				
Other receivables	498	–	–	498
Loan to a subsidiary company	–	–	4,030,000	4,030,000
Due from subsidiary companies (non-trade)	1,726,184	–	–	1,726,184
Dividend receivable from a subsidiary company	388,000	–	–	388,000
Cash and cash equivalents	248,621	–	–	248,621
Total undiscounted financial assets	2,363,303	–	4,030,000	6,393,303
Financial liabilities:				
Other liabilities (excluding GST payables)	(429,147)	–	–	(429,147)
Obligations under finance leases	(38,472)	(192,360)	(32,014)	(262,846)
Total undiscounted financial liabilities	(467,619)	(192,360)	(32,014)	(691,993)
Total net undiscounted financial assets/(liabilities)	1,895,684	(192,360)	3,997,986	5,701,310

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The Group's objective is to seek continual revenue growth while minimising losses incurred due to credit risk exposure. The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At balance sheet date, the Group has 30% (2014: 44%) of its trade debts relating to two (2014: two) customers. The carrying amount of trade and other receivables, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. Cash and bank balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for doubtful trade debts based upon expected collectability of all trade debts.

30. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Exposure to credit risk

At the end of the financial year, the Group's and the Company's maximum exposure to credit risk is represented by:

- A nominal amount of $111,272,000 (2014: $103,224,000) relating to corporate guarantees provided by the Company to the banks on a subsidiary's bank loan.

Credit risk concentration profile

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

	Group			
	2015		2014	
	$	% of total	$	% of total
By country:				
People's Republic of China	43,086,993	94	13,158,701	86
Asia excluding Singapore	1,177,636	3	1,183,319	8
Singapore	255,728	1	154,389	1
USA & Europe	842,987	2	800,711	5
Other	–	–	21,341	–
	45,363,344	100	15,318,461	100
By operating segments:				
Precision engineering and assembly	44,841,662	99	14,954,265	98
Trading and distribution	521,682	1	364,196	2
	45,363,344	100	15,318,461	100

30. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. At balance sheet date, trade receivables of $12,016,723 (2014: $2,871,582) due from customers are covered by credit insurance policies from a reputable financial institution with high credit ratings and no history of default.

Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 15.

Foreign exchange risk

The Group is exposed to the effects of foreign exchange rate fluctuations mainly because of its foreign currency denominated operating revenues and expenses, assets and liabilities as well as net investments in foreign operations, primarily in Renminbi ("RMB") and United States Dollars ("USD"). The Group has certain investments in foreign countries mainly in People's Republic of China, whose net assets are exposed to foreign currency translation risk. The Group manages its foreign exchange exposure by matching, as far as possible, receipts and payments in each individual currency.

Where necessary, the Group enters into derivative foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in USD. Approximately 47% (2014: 8%) of the Group's sales are denominated in the functional currencies of the operating units making the sale, while almost 91% (2014: 99%) of costs are denominated in the respective functional currencies of the Group's entities. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group also held cash and cash equivalents denominated in foreign currencies for working capital purposes, mainly in USD and RMB. At the balance sheet date, net working capital not denominated in their respective functional currencies amounts to $36,946,000 (2014: $21,959,000).

At 30 June 2015, the Group had hedged none (2014: Nil) of its foreign currency denominated trade receivables.

30. Financial risk management objectives and policies (cont'd)

Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

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

		Group	
		Loss net of tax	
		2015	**2014**
		$'000	$'000
USD/SGD	- strengthened 5% (2014: 5%)	-460	-466
	- weakened 5% (2014: 5%)	+460	+466
USD/RMB	- strengthened 5% (2014: 5%)	-90	-271
	- weakened 5% (2014: 5%)	+90	+271

31. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Restricted fixed deposits with floating rates, short-term receivables, short-term payables, current loan and borrowings and non-current loans and borrowings with floating rates

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Obligations under finance leases and loans and borrowings with fixed rate

Management believes that the carrying amount recorded at the balance sheet date approximates its fair value as the interest rates of the finance leases and long-term fixed rate loans and borrowings closely approximates the market interest rates on or near the end of the reporting period.

31. Fair value of financial instruments (cont'd)

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Loan to a subsidiary company

The loan has no repayment terms and is repayable only when the cash flows of the borrower permit. Therefore, the fair value of this balance is not determinable as the timing of the future cash flows arising from this amount cannot be estimated reliably.

C. Categories of financial instruments

Set out below are the carrying amounts of each of the category of the Group's and the Company's financial instruments that are carried in the financial statements:

Group	**Loans and receivables**	**Liabilities at amortised cost**
At 30 June 2015	$	$
Assets		
Restricted fixed deposits (Note 13)	3,985,707	–
Trade receivables (excluding GST receivables)	40,054,349	–
Other receivables (excluding GST receivables)	1,929,075	–
Cash and cash equivalents (Note 18)	15,523,383	–
Liabilities		
Trade payables (excluding GST payables)	–	(27,654,248)
Other liabilities (excluding GST payables)	–	(9,090,159)
Loans and borrowings (Note 21)	–	(46,084,004)
Total	61,492,514	(82,828,411)

31. Fair value of financial instruments (cont'd)

C. Categories of financial instruments (cont'd)

Group *At 30 June 2014*	Loans and receivables $	Liabilities at amortised cost $
Assets		
Restricted fixed deposits (Note 13)	3,035,066	–
Trade receivables (excluding GST receivables)	12,429,325	–
Other receivables (excluding GST receivables)	433,856	–
Cash and cash equivalents (Note 18)	14,945,870	–
Liabilities		
Trade payables (excluding GST payables)	–	(8,570,680)
Other liabilities (excluding GST payables)	–	(5,358,835)
Loans and borrowings (Note 21)	–	(12,957,253)
Total	30,844,117	(26,886,768)

Company *At 30 June 2015*		
Assets		
Loan to a subsidiary company (Note 17)	4,030,000	–
Due from subsidiary companies (non-trade) (Note 17)	1,798,952	–
Dividend receivable from a subsidiary company	200,000	–
Cash and cash equivalents (Note 18)	132,412	–
Liabilities		
Other liabilities (excluding GST payables)	–	(420,171)
Total	6,161,364	(420,171)

31. Fair value of financial instruments (cont'd)

C. Categories of financial instruments (cont'd)

Company ***At 30 June 2014***	**Loans and receivables** $	**Liabilities at amortised cost** $
Assets		
Other receivables (Note 16)	498	–
Loan to a subsidiary company (Note 17)	4,030,000	–
Due from subsidiary companies (non-trade) (Note 17)	1,726,184	–
Dividend receivable from a subsidiary company	388,000	–
Cash and cash equivalents (Note 18)	248,621	–
Liabilities		
Other liabilities (excluding GST payables)	–	(429,147)
Total	6,393,303	(429,147)

32. Capital management

The primary objective of the Group's capital management is to maintain a strong capital base in order to maintain investors, creditors and market confidence and to sustain future development of the business. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the Group's approach to capital management.

The Group's banking facilities contains certain banking covenants which include the maintenance of certain gearing ratios and minimum tangible net asset values. These covenants are tested at the end of each reporting period. The Group has complied with all of its banking covenants and has neither requested nor gained any waivers for the financial years ended 30 June 2015 and 2014.

As disclosed in Note 25(iii), two subsidiary companies of the Group are required by the laws and regulations of the PRC to contribute to and maintain a restricted statutory reserve whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary companies for the financial years ended 30 June 2015 and 2014.

32. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade payables and other liabilities other than advances from customers, less cash and cash equivalents and restricted fixed deposits. Capital means all equities attributable to the equity holders of the Company less the abovementioned restricted statutory reserve. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

	Group	
	2015	**2014**
	$	$
Loans and borrowings (Note 21)	46,084,004	12,957,253
Trade payables (Note 19)	27,655,787	8,574,315
Other liabilities (Note 20)	9,113,727	5,360,936
Obligations under finance leases (Note 22)	382,356	545,947
Less: - Cash and cash equivalents (Note 18)	(15,523,383)	(14,945,870)
- Restricted fixed deposits (Note 13)	(3,985,707)	(3,035,066)
Net debt	63,726,784	9,457,515
Equity attributable to the equity holders of the Company	46,466,186	47,495,185
Less: Statutory reserves fund (Note 25iii)	(962,363)	(955,025)
Total capital	45,503,823	46,540,160
Capital and net debt	109,230,607	55,997,675
Gearing ratio	58%	17%

33. Authorisation of financial statements

The financial statements of Santak Holdings Limited for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 21 September 2015.

REPORT ON CORPORATE GOVERNANCE

This report is prepared in accordance with the requirements of Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"): Rules of Catalist (the "Rules of Catalist") to describe our corporate governance practices with reference to the Code of Corporate Governance 2012 ("Code"). The Board is pleased to report the Company's compliance with the Code except where otherwise explained. In areas where we have not complied with the Code, the Group will continue to assess its needs and implement appropriate measures accordingly.

BOARD MATTERS

The Board comprises six directors, which consist of two Independent Directors, one Non-Executive Director and three Executive Directors. The Board believes that the existing two Independent Directors, both of whom have many years of business and financial experience, are able to serve the present needs of the Group. The Board has taken into account the scope and nature of the operations of the Company and considers its current size to be adequate for effective decision making. The Board comprises Directors who as a group provide core competencies such as accounting and finance, business management experience and industry knowledge. The composition of the Board will be reviewed regularly and changes will be made as and when appropriate. Key information regarding the Directors is set out on page 105 to 106 of the Annual Report.

The Board meets at least twice a year and additional meetings are held whenever necessary. The Board of Directors are free to request for further clarification and information from management on all matters within their purview. In addition, informal discussions among Non-Executive Directors to exchange views on any aspect of the Group's operations or business are held as and when the need arises. The Company's Articles of Association provides for meetings of the Board to be conducted by way of telephone conference or similar means of communication. The number of meetings held in the financial year ended 30 June 2015 ("FY2015") and the attendance of the Directors are as follows:

Name of Director	Board Appointment	Date of Appointment and Date of Last Re-election/Re-appointment[1]	Board		Audit Committee		Remuneration Committee		Nominating Committee	
			No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Lee Keen Whye	Non-Executive Chairman/ Independent Director	12 March 2001 (29 October 2014)	2	2	2	2	1	1	1	1
Tan Chee Hawai	Group Managing Director/Executive Director	11 June 2012 (24 October 2012)	2	2	2	2#	1	1#	1	1
Ng Weng Wei	Executive Director	12 March 2001 (24 October 2013)	2	2	2	2#	1	1	1	NA
Tan Sin Hock	Executive Director	12 March 2001 (29 October 2014)	2	2	2	2#	1	NA	1	NA
Heng Kheng Hwai	Non-Executive Director	12 March 2001 (24 October 2013)	2	2	2	2	1	NA	1	NA
Ch'ng Jit Koon	Independent Non-Executive Director	12 March 2001 (29 October 2014*)	2	2	2	2	1	1	1	1

Notes:
NA: Not applicable
#: Attendance by invitation
**: Re-appointment pursuant to Section 153(6) of the Companies Act, Chapter 50*

BOARD MATTERS (CONT'D)

The Board objectively takes decisions in the interests of the Company. Apart from its statutory duties and responsibilities, the Board undertakes the following:-

(i) supervises the management of the business and affairs of the Group;
(ii) approves the Group's strategic directions, major capital investments and divestments and major funding decisions including the acceptance of major banking facilities;
(iii) provides entrepreneurial leadership and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
(iv) reviews the inancial performance of the Group;
(v) reviews and monitors the performance of management;
(vi) approves nominations of Directors and appointments to Board committees;
(vii) sets the Group value and assumes responsibility for corporate governance;
(viii) establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of Shareholders' interest and Company's assets;
(ix) identifies the key stakeholder groups and recognise that their perceptions affect the Group's reputation; and
(x) consider sustainability issues e.g. environment and social factors, as part of its strategic formulation.

These functions are carried out either directly by the Board or through Board committees or through a system of delegation to management staff. Such delegation improves operational efficiency and encourages management decision making while maintaining control over major Group policies and decisions. The Company has adopted internal guidelines setting forth matters that require Board approval. These matters which are specifically reserved for the Board's decision include (a) matters involving a conflict of interest with a substantial shareholder or Director, (b) reviewing and approving the audited financial statements for the Group and the Directors' Report thereto, (c) reviewing and approving interim and annual results announcements, as well as other SGXNET announcements including matters required to be announced on SGXNET in accordance with the Rules of Catalist of the SGX-ST; (d) dividend payments or other returns to shareholders, (e) convening of shareholders' meetings, (f) corporate restructuring and share issuance, and (g) significant acquisitions and disposals. Non-Executive Directors are encouraged to constructively challenge and help develop proposals on strategy. The Non-Executive Directors also review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They are also encouraged to meet regularly without management's presence.

Management provides the Board with reports of the Company's performance, financial statements and prospects including sales forecasts as well as papers containing relevant background or explanatory information in a timely manner required to support the decision making process and the Board is satisfied with this arrangement taking into account the Company's business and operations. The Board has separate and independent access to senior management and the Company Secretary who will assist them in discharging their duties and responsibilities. The Company Secretary's responsibilities also include ensuring good information flows within the Board and its Board committees and between management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. In addition, the Company works closely with professionals to provide the Board with updates of the changes to relevant laws, regulations and accounting standards. Upon appointment of new Director, formal letter is provided setting out the Director's duties and obligations. Newly appointed Directors will be given an orientation on the Group's business operations and training is provided in areas such as accounting, legal and industry-specific knowledge. Directors are encouraged to keep abreast of developments in regulatory, legal and accounting frameworks and regulations that are of relevance to the Group through participation in seminars and workshops.

BOARD MATTERS (CONT'D)

To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the Company has a clear division of responsibilities at the top of the Company. The Chairman of the Company (the "Chairman") and the Group Managing Director (the "CEO") have separate roles in the Company and the Chairman and CEO are not related to each other.

The Chairman is a Non-Executive Chairman who is independent from the daily operations of the business. The Chairman's responsibilities include, inter-alia, the following:

a) the scheduling and chairing of Board meetings;
b) lead the Board to ensure its effectiveness on all aspects of its role and set its agenda;
c) the controlling of the quality, quantity and timeliness of information supplied to the Board;
d) ensuring compliance with the Company's guidelines on corporate governance;
e) encourages constructive relations between the Board and management as well as Executive Directors and Non-Executive Directors;
f) facilitates the effective contribution of Non-Executive Directors;
g) ensures effective communication with shareholders; and
h) promote a culture of openness and debate at the Board.

The CEO leads the management team and directs the business of the Group in line with the Group's strategic directions and policies. The CEO keeps in regular communication with the Chairman and the Board to update them on corporate issues and developments.

The role of the Company Secretary is clearly defined and includes the responsibility of ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or her representative attend all Board Meetings. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

NOMINATING COMMITTEE

The Nominating Committee ("NC"), which is chaired by Mr Ch'ng Jit Koon, comprises two Independent Non-Executive Directors and one Executive Director. The other members are Mr Lee Keen Whye and Mr Tan Chee Hawai.

The NC had adopted a written terms of reference, which sets out its functions and responsibilities. The duties of the NC shall include, *inter-alia*, the following:

1) to make recommendations to the Board on the appointment and re-appointment of Directors (as well as alternate Directors where applicable) and the suitability of such Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board. As part of the selection, appointment and re-appointment of Directors, the NC shall consider issues including composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance including, if applicable, as an Independent Director;

NOMINATING COMMITTEE (CONT'D)

2) to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;

3) to assess nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualification and whether he/she is independent;

4) to review and make recommendations to the Board on matter relating to plans for succession, in particular for the Chairman and for the CEO;

5) to make recommendations to the Board on matter relating to the development of a process for evaluation of the performance of the Board, its Board committees and Directors;

6) to make recommendations to the Board on matter relating to review of training and professional development programs for the Board;

7) to determine and review rigorously (where applicable), on an annual basis and as and when circumstances require, whether a Director is independent, bearing in mind the circumstances set forth in the Code and its Guidelines 2.3 and 2.4 and such any other salient factors as may be applicable;

8) to recommend Directors who are retiring by rotation to be put forward for re-election and all Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

9) to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations and other principal commitments;

10) to recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards; and

11) to assess the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board, and to disclose the assessment process annually.

Pursuant to Article 91 of the Company's Articles of Association, all Directors submit themselves for re-election at least once every three years. The NC has recommended that Mr Ng Weng Wei and Ms Heng Kheng Hwai be nominated for re-election as a Director at the forthcoming AGM. Ms Heng Kheng Hwai is the spouse of the CEO, Mr Tan Chee Hawai and sister-in-law of Executive Director and Substantial Shareholder, Mr Tan Sin Hock as well as Substantial Shareholder, Mr Tan Ah Wo. In addition, the Board has also recommended Mr Ch'ng Jit Koon, who is over the age of 70, for re-appointment as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50. In considering the nominations, the NC took into account the contribution of the Directors with reference to their attendance and participation at Board and Board Committee meetings, as well as the proficiency with which they have discharged their responsibilities.

NOMINATING COMMITTEE (CONT'D)

The NC has assessed the independence of the Independent Directors, Mr Lee Keen Whye and Mr Ch'ng Jit Koon after considering the recommendations set out in the Code. Notwithstanding that both Mr Lee Keen Whye and Mr Ch'ng Jit Koon have served the Board since March 2001, the Board is fully satisfied that they demonstrate complete independence, robustness of character and judgement both in their designated role and as a Board member. In addition, the Board confirms that both Mr Lee Keen Whye and Mr Ch'ng Jit Koon have not been involved in any executive functions as well as day-to-day operations of the Group and that notwithstanding the 9 years time frame they have continued to be and are deemed independent and have the requisite qualifications, experience and integrity as Independent Directors. Furthermore, the Board is of the view that both Mr Lee Keen Whye and Mr Ch'ng Jit Koon are valuable to the Group in terms of their experience and knowledge in finance, understanding of the precision components business and the markets as well as business environment in the People's Republic of China. The Board believes that the existing two Independent Directors, both of whom have many years of business and financial experience, are able to serve the present needs of the Group.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and will review and consider the qualifications and experience of the nominated Director before the Director is appointed on Board.

The NC has adopted a formal process for the evaluation of the performance of the Board. The performance criteria includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, monitoring of management performance and return for Shareholders including long term share price as well as Board performance. The assessment process involves and includes input from Board members, applying the performance criteria recommended by the NC and approved by the Board. The NC assessed the Board's performance as a whole in FY2015 and is of the view that the performance of individual members of the Board and the Board as a whole was satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given by the Directors to the Group.

The Board is of the view that the effectiveness of each Director is best assessed by a qualitative assessment of the Director's contribution and his ability to devote sufficient time and attention to the Company's affairs. The Board has not determined the maximum number of listed company board representations which a Director may hold as it does not wish to omit from consideration, outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. The Board does not have any alternate Directors.

REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises three Directors, of whom two are Independent Directors. The RC is chaired by Mr Lee Keen Whye, the Non-Executive Chairman of the Board. The other members are Mr Ch'ng Jit Koon and Mr Ng Weng Wei. The Board is of the opinion that the membership of Mr Ng Weng Wei, Executive Director, would not give rise to potential conflict of interest as Mr Ng Weng Wei is not involved in deciding his own remuneration. The RC had adopted a written terms of reference, which sets out its functions and responsibilities.

REMUNERATION COMMITTEE (CONT'D)

The RC is responsible for recommending to the Board a framework of remuneration for the Board and key executives, and to determine specific remuneration packages for each Executive Director. The RC's recommendations will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. The RC covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, and benefits in kind. If necessary, the RC will seek experts' advice on the remuneration of all Directors. No remuneration consultant was engaged by the Company during FY2015.

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and senior management with the required experience and expertise to run the Group successfully. The RC aims to be fair and avoid rewarding poor performance. In setting remuneration packages, the RC may take into consideration the pay and employment conditions within the industry and in comparable companies. The Board also ensures that the remuneration policy supports the Company's objectives and strategies. The framework of remuneration adopted by the Group is one that comprises a fixed component and a variable component. The variable component is linked to the performance of the respective entity of the Group in which an individual staff is employed as well as the performance of the individual. The service contracts with the Executive Directors are not subject to onerous removal clauses and may be terminated by either the Company or the Executive Directors by giving 3 months notice to the other party. The remuneration of the Non-Executive Directors is appropriate to their level of contribution and not over compensated to the extent that their independence may be compromised.

No Director is involved in determining his own remuneration. All Directors, except for Directors who are controlling shareholders with shareholdings of 15% or more and their associates, are eligible for the share options under the Santak Share Option Scheme 2001 (the "Scheme") which is administered by the RC.

The following table shows a breakdown of the remuneration of Directors of the Company for FY2015.

DIRECTORS' REMUNERATION

Remuneration Bands	Salary	Bonus[1]	Fee[2]	Other	Total
Directors	%	%	%	%	%
Below S$250,000					
Lee Keen Whye	–	–	100	–	100
Ng Weng Wei	79	7	7	7	100
Tan Sin Hock	76	7	13	4	100
Heng Kheng Hwai	–	–	100	–	100
Ch'ng Jit Koon	–	–	100	–	100
Between S$250,000 - S$500,000					
Tan Chee Hawai	78	7	4	11	100

REMUNERATION COMMITTEE (CONT'D)

The following table shows a breakdown of the remuneration of management executives (who are not Directors or CEO of the Company) during FY2015.

MANAGEMENT EXECUTIVES' REMUNERATION

Remuneration Bands	Salary	Bonus[1]	Other	Total
Management Executives	%	%	%	%
Below S$250,000				
Leong Chung Meng, Anthony	82	3	15	100
Loo Hwee Beng	80	7	13	100
Oh Juan Jong	76	6	18	100
Soh Cheng Lock	83	7	10	100
Leong Yoke May	79	6	15	100
Tan Cheng Lye, Michael[4]	92	–	8	100
Between S$250,000 - S$500,000				
Tan Chor Tat, Steven	80	7	13	100

Notes:
(1) The bonus amount is inclusive of annual wage supplement ("AWS") of 1 month for the financial year.
(2) These fees are subject to the approval of the shareholders at the AGM for FY2015. Non-Executive Directors are paid Directors' fees compensated based on time and effort.
(3) The tables above excludes Share Options which are described in the Report of the Directors on pages 8 to 12.
(4) Mr Tan Cheng Lye, Michael resigned from the Group on 15 September 2014.

Details on share options granted to the eligible employees pursuant to the Scheme are set out in the Report of Directors on pages 8 to 12.

The adjustments to the remuneration packages of employees who are related to a Director and Substantial Shareholder are subject to the annual review of the RC. For FY2015, the total remuneration paid to these employees amounted to S$89,000 (2014: S$116,000). Save for Ms Tan Aik Hua who is the sister of the CEO, Mr Tan Chee Hawai and Executive Director, Mr Tan Sin Hock, there is no other employee who is an immediate family member of a director or substantial shareholder whose remuneration exceeds S$50,000 for FY2015. The remuneration of Ms Tan Aik Hua exceeds S$50,000 and below S$100,000 during FY2015.

There are no termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the key management executives (who are not Directors or the CEO). The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management executives in exceptional circumtances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

REMUNERATION COMMITTEE (CONT'D)

The Board, after weighing the advantages and disadvantages of such disclosure, is of the view that full disclosure of the actual remuneration of each Director, the CEO and key management executives pursuant to Rule 1204(15) and Rule 1204(12) of the Catalist Rules and Guideline 9.2 of the Code would not be in the interests of the Company as such information is confidential and sensitive in nature, and can be exploited by competitors. The Board is also of the view that a disclosure of the aggregate total remuneration paid to the top 5 key management executives (who are not Directors or the CEO) would not be in the interests of the Company, for the same reasons.

The Board is of the opinion that the information disclosed above would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

ACCOUNTABILITY AND AUDIT

AUDIT COMMITTEE

The Board is accountable to Shareholders for the management of the Group. The Board will present to Shareholders a balanced and understandable assessment of the Group's performance, position and prospects through half yearly results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The Board takes adequate steps to ensure compliance with legislative and regulatory requirements including requirements under the listing rules of the securities exchange. The management is accountable to the Board by providing the Board with adequate financial information for the discharge of its duties. Management accounts of the Group are provided to the Chairman of the Board and Audit Committee ("AC") as well as the Executive Directors on a monthly basis.

The Board has established an AC and has approved the written terms of reference which set out its functions and responsibilities. The AC consists of three members, two of whom are Independent Directors and one Non-Executive Director. The Chairman of the AC is the Non-Executive Chairman of the Board, Mr Lee Keen Whye. The other members are Mr Ch'ng Jit Koon and Ms Heng Kheng Hwai. Mr Lee Keen Whye and Mr Ch'ng Jit Koon have experience and knowledge in financial and business management.

The AC meets periodically, at least twice a year. The functions of the AC include:

(1) reviewing with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;
(2) reviewing the adequacy and effectiveness of the Company's risk management and internal controls that address financial, operational, compliance and information technology controls;
(3) reviewing with external auditors, their evaluation of the system of internal financial controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls and management's response thereon;
(4) reviewing the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board and the external auditors' report on these financial statements;
(5) reviewing half-year and full year financial results before submission to the Board for approval;
(6) reviewing the independence, cost effectiveness and objectivity of external auditors annually and the nomination of their re-appointment as auditors of the Company;

ACCOUNTABILITY AND AUDIT (CONT'D)

AUDIT COMMITTEE (CONT'D)

(7) reviewing all non-audit services provided by the external auditors so as to ensure that any provision of such services would not affect the independence of external auditors;
(8) reviewing the assistance given by the management to the external auditors;
(9) reviewing interested person transactions falling within the scope of the Rules of Catalist; and
(10) reviewing the adequacy and effectiveness of the Company's internal audit function.

The AC is authorised to investigate any matters within its terms of reference and has been given full access to and is provided with the co-operation of the Company's management. The AC has reasonable resources to enable it to discharge its functions properly. The AC has full discretion to invite any Director or management staff to attend its meetings. The AC also meets with the external auditors without the presence of the Company's management at least once a year. This is to review the co-operation rendered by management to the external auditors, the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audit, the independence and objectivity of the external auditors.

The AC, having reviewed the volume of non-audit services to the Company by the external auditors during the year, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, is pleased to recommend their re-appointment. The breakdown of their fees for audit and non-audit services is found on note 6 to the financial statements on page 46. The AC is satisfied that the Group has complied with Rules 712, 715 or 716 of the Rules of Catalist, in relation to the appointment of auditing firms.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements through the report presented by the external auditors on the scope and results of the external audit and changes to accounting standards as well as through their discussions with the external auditors.

The Group has outsourced its internal audit function to a reputable public accounting firm registered in Singapore. The internal auditors report directly to the Chairman of the AC on internal audit matters. The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The internal auditors plan their audit schedules in consultation with but independent of management. The internal audit plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the internal auditors, and meets with the internal auditors at least once a year to approve their plans and to review their report for the prior reporting period. The AC ensures that the internal auditors have the necessary resources to perform its functions adequately. The AC also meets with the internal auditors without the presence of the Company's management at least once a year.

The AC has reviewed the adequacy and effectiveness of the internal auditor function at least annually and is satisfied that the internal auditors are adequately resourced, staffed with persons with the relevant qualifications and experience and have the appropriate standing and independence within the Group to fulfil their mandate. The AC is also of the view that the internal auditors have unfettered access to all the Group's documents, records, properties and personnel including access to the AC.

ACCOUNTABILITY AND AUDIT (CONT'D)

AUDIT COMMITTEE (CONT'D)

The Group has in place a system of internal controls that address financial, operational, compliance and information technology risks, and risk management systems, to safeguard shareholders' investment and the Group's assets. The internal controls maintained by the management, includes inter alia the SAP Enterprise Resources Planning (ERP) system and the ISO 9001:2008 Quality Management System, are in place throughout the financial year to provide reasonable assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, compliance with appropriate legislation, regulations and best practices, and the identification and containment of operational and business risks. The Board recognises that the internal control system provides reasonable but not absolute assurance to the integrity and reliability of the financial information and to safeguard the accountability of the assets of the Group. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. The internal auditors and the external auditors in the course of their statutory audit, carry out a review of the effectiveness of the Group's material internal controls to the extent of their scope as laid out in their respective audit plans. Material non-compliance and internal control weaknesses noted during their audits, and the internal and external auditors' recommendations, are reported to the AC. In addition, the AC and the Board reviews the Group's internal controls and risk management practices annually, taking into consideration the risks to which the business is exposed to, the likelihood of the occurrence of such risks and the cost of implementing mitigating controls. Based on the internal controls established and maintained by the Group, work performed by the internal auditors, the external auditors and ISO 9001 auditors as well as reviews performed by management, the AC and the Board, the Board with the concurrence of the AC is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems, are adequate and effective to meet the needs of the Group within the current scope of the Group's business operations.

The Board has also received from the CEO and the Executive Director, Group Finance and Administration assurances that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and that the Group's risk management and internal control systems are adequate to meet the needs of the Group within the current scope of the Group's business operations.

The Company has put in place a whistle-blowing framework, which provide staff with accessible channels within the Group for reporting possible improprieties in matters of financial reporting or other matters in confidence so that appropriate follow-up actions will be taken.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Information is disseminated via SGXNET and the Company website (http://www.santak.com.sg). The Company does not practise selective disclosure and ensures timely and adequate disclosure of price sensitive and material information to shareholders of the Company via SGXNET in accordance with Rules of Catalist.

The Group believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns where possible. The Group's officers promptly communicate with its shareholders and analysts whenever appropriate and attend to their queries or concerns. The Group's officers also manages the dissemination of corporate information to the media, public, institutional investors and public shareholders, and acts as a liason point for such entities and parties. The Company does not have any investor relations policy at present. However, the Company will consider appointing professional investor relations officer to manage the function should the need arises.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES (CONT'D)

All shareholders of the Company who are entitled to receive notice of meetings, will receive the Annual Report together with the notice of the AGM. The notice is also advertised in a local newspaper and made available on SGXNET. At AGMs, the Company encourages shareholders' participation and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairpersons of each Board Committees. The external auditors are also present to assist the Directors in addressing any relevant queries from the shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Pursuant to the Company's Articles of Association, a poll may be demanded by the Chairman of the general meeting or by any member representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting. The Company will be conducting poll voting for all the resolutions proposed at the forthcoming AGM for greater transparency in the voting process in accordance with the Rules of Catalist.

Minutes are taken for all general meetings, and where appropriate, include all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and the responses from the Board and management. Such minutes, which are subsequently approved by the Board, will be made available to shareholders upon written request.

The Company's Articles of Association allows a member of the Company to appoint not more than two proxies to attend and vote at general meetings. Due to the Company's relatively modest shareholder base and the fact that the percentage of shares held in the names of custodians and nominees is not significant, the Board does not see a need at this point of time to allow such nominees and custodians to appoint more than 2 proxies to attend and participate in general meetings. The Company does not provide for absentia voting methods such as by mail, email, or fax due to concerns as to the integrity of such information and authentication of the identity of shareholders voting by such means.

The Company does not have a formal policy on the payment of dividends. However, the Board is mindful of the need to reward shareholders as and when the performance of the Company, its projected capital requirements, cash-flow and operating requirements, allow for the payment of dividends. For FY2015, the Board is pleased to recommend and propose a first and final dividend of 0.50 Singapore cents per share (one-tier tax exempt), which will be subject to shareholders' approval during the forthcoming AGM.

DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities to govern dealings in its shares by its officers within the Group. This internal code has been disseminated to officers of the Group. The Directors and officers are prohibited from dealing in the securities of the Company while they are in posession of unpublished material price-sensitive information and during the period commencing one month before the announcement of the Company's half year and full year results and ending on the date of the announcement. Also, they are discouraged from dealing in the Company's securities on short term considerations. The Company has confirmed that it has complied with Rule 1204 (19) of the Rules of Catalist.

ADDITIONAL **INFORMATION**

SGX-ST Listing Manual Requirements

MATERIAL CONTRACTS

There are no material contracts to which the Company or any subsidiary is a party and which involve Directors' and controlling shareholders' interests subsisting at the end of the financial year or have been entered into during the financial year, except as disclosed separately under Interested Person transactions on this page.

SPONSORSHIP

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is Asian Corporate Advisors Pte. Ltd. There was no non-sponsor fee paid to the Sponsor or any of its affiliates for FY2015.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures whereby the AC will review all transactions with interested persons to ensure that the transactions are carried out at arm's length on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The AC would ensure that the provisions of Chapter 9 of the Rules of Catalist and the internal procedures have been complied with.

Name of interested person	Aggregate value of all interested person transactions 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 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Strategic Alliance Capital Pte Ltd ("SAC")(1)	S$96,000	–

Note:
(1) SAC, of which Mr Lee Keen Whye is a member and has a substantial financial interest, has entered into an agreement with the Company in relation to the provision of advisory and consultancy services.

RISK MANAGEMENT

Operational Risks

The main operational risks faced by the Group include our dependence on the telecommunication, consumer electronics, hard disk drive, fibre optics and computer industries, loss of any major customers, loss of key personnel and market price erosion of our products. Other risks include our inability to adapt to technological changes, increased competition, increased costs, failure of our key suppliers to meet demand, adverse changes in political, economic and regulatory environments in those countries that we operate in or trade with.

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

Financial risks

These are set out in Note 30 to the Financial Statements, on pages 81 to 88 of this Annual Report.

DIRECTORS AND MANAGEMENT EXECUTIVES PROFILE

Directors

Mr Lee Keen Whye is the Non-Executive Chairman/Independent Director of our Group. He is also Chairman of both the Audit and Remuneration Committees and a member of the Nominating Committee. Mr Lee is currently the Managing Director of Strategic Alliance Capital Pte Ltd ("SAC"), a venture capital and investment management advisory company. Prior to founding SAC, Mr Lee was the founder and Managing Director of Rothschild Ventures Asia Pte Ltd, a member of the N M Rothschild & Sons global merchant banking group, and worked there from 1990 to 1997. He was Associate Director with Kay Hian James Capel Pte Ltd which he joined in 1987 as Head of Research for Singapore and Malaysia. Between 1985 and 1987, Mr Lee was based in California and worked with venture capital companies seeking investments in emerging growth companies. Prior to that, he was an Investment Manager with the Government of Singapore Investment Corporation. Mr Lee currently sits on the boards of several companies, including VARD Holdings Limited and Ntegrator International Ltd which are listed on the SGX-ST as well as Yujin International Ltd which is listed on the Alternative Investment Market of London Stock Exchange. Mr Lee's past directorship in Singapore listed companies for the preceding three years was Oniontech Limited. Mr Lee holds a Master's Degree in Business Administration from Harvard Business School and a Bachelor's Degree in Business Administration from the University of Singapore.

Mr Tan Chee Hawai was appointed as the Group Managing Director with effect from 11 June 2012. He is also a member of the Nominating Committee. He oversees the planning and review of corporate strategies and policies of the Group, as well as to coordinate the overall management functions. Mr Tan has more than 30 years experience in the Precision-Machined Components industry. With his vast experience in this business, Mr Tan has built up good relationship with many industry players. He is very much in touch with the changes in the market in terms of shifts in the market requirements, as well as changes in key market players. He will, with this, also seek out new business opportunities and expansion possibilities for our Group. He is one of the co-founders of our Group when Santak Metal started as a partnership in 1978. He continued with our Group when Santak Metal was incorporated as a private limited company in October 1983. Mr Tan has actively directed the growth of our Group's business since its inception. Mr Tan was the Group Chairman and Managing Director until 20 August 2004 and he was subsequently appointed as business advisor to the Group since 1 January 2005 until 10 June 2012. His role as business advisor includes advising senior management in the running of the business and its operations.

Mr Ng Weng Wei is the Executive Director for Group Finance and Administration of our Group and a member of the Remuneration Committee. He oversees the accounting, human resources and administrative functions as well as information systems in the Group. In addition, he handles our Group's corporate finance and treasury activities. Mr Ng is also involved in the development of the business policies and strategies of our Group. Mr Ng joined our Group in March 2000 and before that, he was a Manager in an international accounting firm in Singapore. Prior to that, he worked as a Senior Accountant at an international accounting firm in Sydney from 1994 to 1996. Mr Ng holds a Bachelor of Accountancy (Honours) Degree from Nanyang Technological University and is a Chartered Accountant of both the Institute of Chartered Accountants in Australia and the Institute of Singapore Chartered Accountants respectively. He is also a member of the Singapore Institute of Directors.

DIRECTORS AND MANAGEMENT EXECUTIVES PROFILE (CONT'D)

Directors (Cont'd)

Mr Tan Sin Hock is an Executive Director of our Group. He joined us in May 1980 when Santak Metal was still a partnership. He has continued with us when Santak Metal was incorporated as a private limited company in October 1983. Over more than 20 years, he had been involved in the Precision-Machined Components business of the Santak Group. He was one of our early pioneers involved in the introduction of CNC Machines into Santak Metal's operation in 1983. He underwent overseas training at our machine suppliers' manufacturing plants in Japan and Switzerland. Over the years, he held several operating portfolios at Santak Metal, including process planning, process troubleshooting and improvement, and equipment maintenance. He is currently responsible for equipment upgrading and plant maintenance.

Ms Heng Kheng Hwai is a Non-Executive Director and a member of the Audit Committee. She joined our Group in 1983 and took on the role of personal assistant to the Managing Director. She was also involved in the office administration work of our Group. Ms Heng left our Group in October 2000.

Mr Ch'ng Jit Koon is a Non-Executive Independent Director of our Group. He is also Chairman of the Nominating Committee and member of both the Audit and Remuneration Committees. He also sits on the boards of Pan-United Corporation Ltd, Ho Bee Land Limited and Progen Holdings Limited. Mr Ch'ng's past directorship in Singapore listed company for the preceding three years was Tung Lok Restaurants (2000) Ltd. From 1968 to 1996, Mr Ch'ng was a Member of the Singapore Parliament. He was holding the post of Senior Minister of State, Ministry of Community Development when he retired in January 1997. Mr Ch'ng also serves in several community organizations.

Management Executives

Mr Tan Chor Tat, Steven is the General Manager/Director (Sales & Business Development) of our Precision Engineering & Assembly as well as Trading & Distribution Divisions. Mr Tan joined the Group in January 2003 and is currently responsible for the sales and business development functions of both the Division in Singapore and China. He holds a Diploma in Production Engineering from Singapore Polytechnic.

Mr Leong Chung Meng, Anthony is the General Manager/Director of our Precision Engineering & Assembly Division's subsidiary companies in Wuxi, China. Mr Leong is responsible for the manufacturing operation and marketing functions of our subsidiary companies in China. He joined the Group in 2005 when the Group acquired Wuxi Tech Precision Engineering Co., Ltd where he was a co-founder. He holds a Diploma in Business Efficiency & Productivity (Industrial engineering) from the NPB Institute for Productivity Training in Singapore.

Mr Loo Hwee Beng is the Operation Director for our Precision Engineering & Assembly Division's factory in Singapore. He is responsible for the manufacturing operation of the factory in Singapore. Mr Loo joined our Group in October 1999. Mr Loo holds a Bachelor of Mechanical Engineering (Honours) Degree from the National University of Singapore.

DIRECTORS AND MANAGEMENT EXECUTIVES PROFILE (CONT'D)

Management Executives (Cont'd)

Mr Oh Juan Jong is the Senior Manager for Sales and Marketing of our Precision Engineering & Assembly Division in Singapore. Mr Oh joined the Division in July 2003 and is currently responsible for the sales and marketing function. Mr Oh holds both an Advanced Diploma in Business information System and a Diploma in Mechanical Engineering from Singapore Polytechnic.

Mr Soh Cheng Lock is the Engineering Manager of our Precision Engineering & Assembly Division in Singapore. Mr Soh joined the Division in February 1986 and is currently responsible for the engineering function in Singapore. Mr Soh holds a Diploma in Production Technology from the German-Singapore Institute.

Ms Leong Yoke May is the Senior Manager for Sales and Marketing of our Trading and Distribution Division. Ms Leong joined the Division in 1989 and is currently responsible for the sales and marketing function. Ms Leong holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic and a Diploma in Sales and Marketing Management from the Management Institute of Singapore.

STATISTICS OF **SHAREHOLDINGS**

As at 16 September 2015

DISTRIBUTION OF SHAREHOLDINGS

Number of Shares	:	107,580,980
Class of Shares	:	Ordinary Shares
Voting Right	:	One Vote Per Ordinary Share

There are no treasury shares held in the issued share capital of the Company.

SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	4	1.44	42	0.00
100 - 1,000	76	27.34	72,700	0.07
1,001 - 10,000	80	28.78	457,400	0.43
10,001 - 1,000,000	107	38.49	11,137,817	10.35
1,000,001 AND ABOVE	11	3.95	95,913,021	89.15
TOTAL	**278**	**100.00**	**107,580,980**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAN CHEE HAWAI	37,580,570	34.93
2	TAN AH WO	16,776,810	15.59
3	HONG LEONG FINANCE NOMINEES PTE LTD	10,278,000	9.55
4	TAN SIN HOCK	6,704,100	6.23
5	GO MEI LIN	6,107,000	5.68
6	YAP QUAN OR CHRISTINE YAP LYE KUM	5,647,000	5.25
7	HENG KHENG HWAI	4,667,000	4.34
8	OCBC SECURITIES PRIVATE LIMITED	4,431,041	4.12
9	NG WENG WEI	1,618,000	1.50
10	IP WAN KEUNG	1,057,500	0.98
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,046,000	0.97
12	LOW WEI MIN JAMES	829,000	0.77
13	LAW KUNG YING	771,000	0.72
14	LOW YEE MIN (LIU YUMING)	745,000	0.69
15	TAN CHOR TAT	600,000	0.56
16	CHAN PECK SIM	522,000	0.49
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	520,000	0.48
18	SOH CHENG LOCK	510,000	0.47
19	LIM YEE MIN	500,000	0.46
20	LOO HWEE BENG	341,000	0.32
	TOTAL	**101,251,021**	**94.10**

Approximately 14.8% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual, Section B: Rules of Catalist of SGX-ST.

SUBSTANTIAL SHAREHOLDERS AS AT 16 SEPTEMBER 2015

Name of Shareholders		Direct Interest	Deemed Interest
1.	Tan Chee Hawai [a]	47,858,570	4,667,000
2.	Tan Ah Wo	16,776,810	-
3.	Tan Sin Hock	6,704,100	-
4.	Go Mei Lin	6,107,000	-
5.	Heng Kheng Hwai [b]	4,667,000	47,858,570
6.	Yap Quan or Christine Yap Lye Kum	5,647,000	-

[a] Mr Tan Chee Hawai's direct interest is derived from shares held in his own name and shares in the name of a custodian account. Mr Tan Chee Hawai's deemed interest is derived from 4,667,000 shares held by his spouse, Mdm Heng Kheng Hwai.

[b] Mdm Heng Kheng Hwai's deemed interest is derived from 47,858,570 shares held by her spouse, Mr Tan Chee Hawai.

NOTICE OF
ANNUAL GENERAL MEETING

(Company Registration No. 200101065H)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Santak Holdings Limited ("the Company") will be held at 31 Senoko South Road, Woodlands East Industrial Estate, Singapore 758084 on Friday, 30 October 2015 at 11 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 30 June 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 0.50 Singapore cents (one-tier tax exempt) per ordinary share for the year ended 30 June 2015 (previous year: first and final dividend of 0.50 Singapore cents (one-tier tax exempt) per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors, who are retiring by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (i) Mr Ng Weng Wei **(Resolution 3)**
   (ii) Ms Heng Kheng Hwai **(Resolution 4)**

   Mr Ng Weng Wei will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee and will be considered non-independent.

   Ms Heng Kheng Hwai will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered non-independent.

4. To re-appoint Mr Ch'ng Jit Koon, a Director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.
   [See Explanatory Note (i)]

   *Mr Ch'ng Jit Koon will, upon re-appointment as a Director of the Company, remain as the Chairman of the Nominating Committee, a Member of the Audit Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST Catalist Rules**").* **(Resolution 5)**

5. To approve the payment of Directors' fees for the year ended 30 June 2015. **(Resolution 6)**

6. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. **Authority to issue new shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the SGX-ST Catalist Rules, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, debentures or other Instruments convertible into shares,

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Catalist Rules for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 8)**

9. **Authority to issue shares under the Santak Share Option Scheme 2001**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing Santak Share Option Scheme 2001 ("**the Scheme**") which shall expire on 12 March 2016 and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
Singapore, 14 October 2015

(Company Registration No. 200101065H)
(Incorporated in Singapore with limited liability)

Explanatory Notes:

(i) The effect of the Ordinary Resolution 5 is to re-appoint a Director of the Company who is over 70 years of age. Such re-appointment of a Director will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Cap. 50 as repealed when the Companies (Amendment) Act 2014 comes into force. The Director will then be subject to retirement by rotation under the Company's Articles of Association.

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

(iii) The Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme which shall expire on 12 March 2016 up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 31 Senoko South Road, Woodlands East Industrial Estate, Singapore 758084 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.

This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Foo Quee Yin
Telephone number: 6221 0271

Personal data privacy:

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

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SANTAK HOLDINGS LIMITED
(Company Registration No. 200101065H)
(Incorporated In The Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

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

I/We, ______________________________ (Name)

of ______________________________ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held on Friday, 30 October 2015 at 11 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll. All Resolutions at the Meeting will be voted on by way of poll.

No	**Resolutions relating to:**	***No. of Votes For**	***No. of Votes Against**
1	Directors' Report and Audited Financial Statements for the year ended 30 June 2015		
2	Payment of proposed first & final dividend		
3	Re-election of Mr Ng Weng Wei as a Director		
4	Re-election of Ms Heng Kheng Hwai as a Director		
5	Re-appointment of Mr Ch'ng Jit Koon as a Director		
6	Approval of Directors' fees		
7	Re-appointment of Ernst & Young LLP as Auditors		
8	Authority to issue new shares		
9	Authority to issue shares under the Santak Share Option Scheme 2001		

* If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise all your votes for both "For" or "Against" the relevant Resolution, please indicate the number of votes as appropriate in the boxes provided.

Dated this ________ day of ______________ 2015.

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

____

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

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A Member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

3. Where a Member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a Member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 31 Senoko South Road, Woodlands East Industrial Estate, Singapore 758084 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 October 2015.

General:

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

SANTAK HOLDINGS LIMITED
co. reg. no. 200101065H

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