



GMG GLOBAL LTD



**STRATEGISING GROWTH
SUSTAINING VALUE**

ANNUAL REPORT 2015

V I S I O N

**A leading integrated
& innovative agro
commodity group,
built by our dedicated
people, enhancing
value for customers &
stakeholders.**

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C O R P O R A T E P R O F I L E

GMG GLOBAL LTD (“GMG”) is a Singapore-based natural rubber supply chain operator with integrated capabilities through the entire value chain – from planting, cultivating, tapping and processing, to sales, marketing and exporting.



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Listed on the Mainboard of the Singapore Exchange, GMG focuses primarily on the production and supply of premium natural rubber to the European, American and Asian markets.

Through its various subsidiaries and associates, the Group currently manages more than 78,000 hectares of rubber plantations located across Africa and Asia; and operates 12 rubber processing plants located in Thailand, Indonesia, Cameroon, Gabon and Cote d'Ivoire with a total annual capacity of 527,000 tons.

GMG's customers include the world's top 10 tyre manufacturers who use the Group's primary tyre-grade rubber to produce tyres for industrial vehicles. With values firmly rooted in sustainability practices and corporate citizenship, GMG is committed to constant engagement with stakeholders to create mutually beneficial relationships.

GMG is a subsidiary of China's Sinochem International Corporation (“**Sinochem International**”) which is listed on the Shanghai Stock Exchange. Sinochem International is a diversified international conglomerate which specialises in trading, manufacturing and transportation of chemicals (including agricultural and horticultural), plastics, rubber and metallurgy products. Sinochem International is the top distributor and one of the largest producers of natural rubber in China.



THE GROUP AT A GLANCE



CORE BUSINESSES

GMG is an integrated natural rubber company engaged in the upstream and downstream aspects of the entire natural rubber value chain.



PLANTATION

Headquartered in Singapore, GMG's plantations are located in diverse locations which include Cameroon and Cote d'Ivoire on the African continent. Our associate company also owns stakes in Cambodia, Cote d'Ivoire, Gabon, Ghana and Nigeria.



Planting

Establishment and management of rubber plantations.



Tapping

An incision is made on the tree bark, cutting through its vessels from which latex flows.



Collection

Latex flows into a cup attached to the tree.



Making of unsmoked sheet



Coagulation: Latex collected is diluted with water in trays. Acid is added to accelerate the process of coagulation.



Rubber slabs prepared in trays are rolled into thinner slabs initially, before rolling in a mangle machine.



Rolled rubber sheets are hung outdoors to dry.



Unsmoked sheets are then ready for sale to processing factories.



Collection of field latex



Fresh field latex is collected from cups and put into buckets.

Field latex from buckets are gathered in a collection station, and are subsequently treated with ammonia before they are ready for sale to the centrifuge factory.



Field latex is processed in separators.



Centrifuged latex is packed in drums, tanks, flexi bags and others as specified, and ready for sale to dipped product manufacturers.



Making of cup lump



Field latex is left to coagulate in cups.



Field coagulum or cup lump is ready for sale to processing factories.



PROCESSING

GMG operates processing facilities in Cameroon, Cote d'Ivoire, Indonesia and Thailand. Our associate company also has processing facilities in Cote d'Ivoire and Gabon.



Inspection

All raw materials received are subject to rigorous inspection for unwanted materials.



Cleaning

Cup lumps are broken into smaller pieces before going through continuous washing and cleaning by running water in troughs and pools.



Blending

Pre-cleaned cup lumps are further washed and mixed in blending pools. The cleansed rubber is subsequently reduced to crumbs.



Drying

Clean rubber crumbs are dried in trolleys-in-passing through the dryer.



Pressing

Dried rubber is pressed into bales and wrapped in bale bags.



Packing

Rubber bales are packed as specified by consumers, in metal boxes or shrink wrap units in pallets.



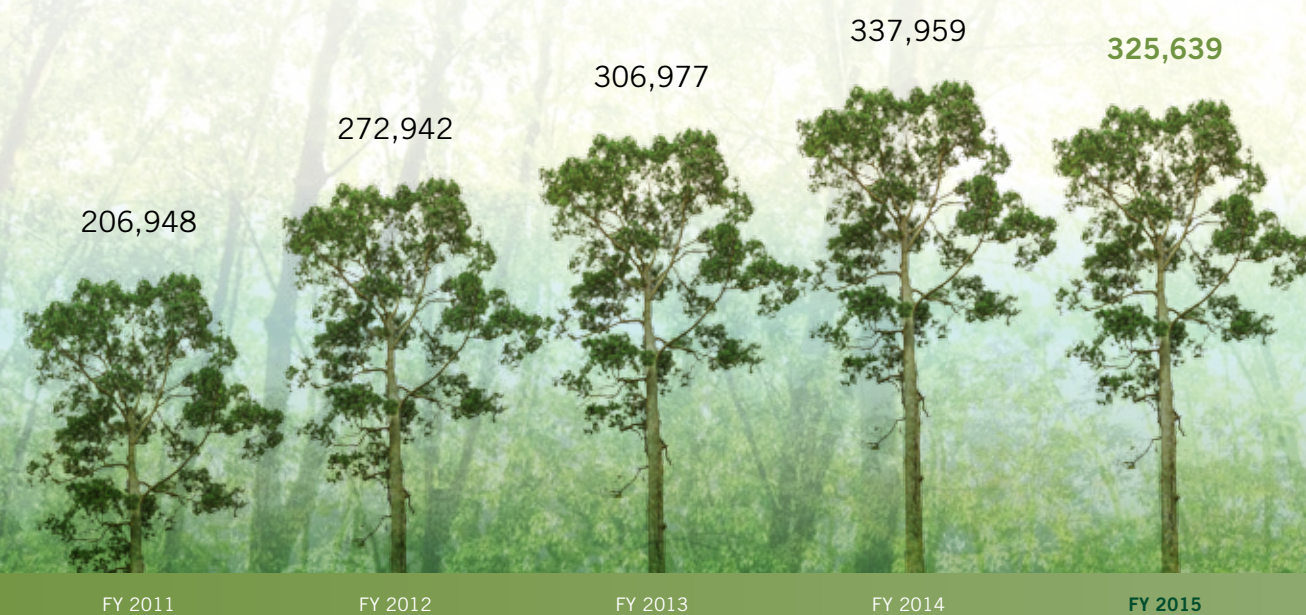
Shipment

All finished goods are loaded into containers before they are shipped to consumers.

FINANCIAL HIGHLIGHTS



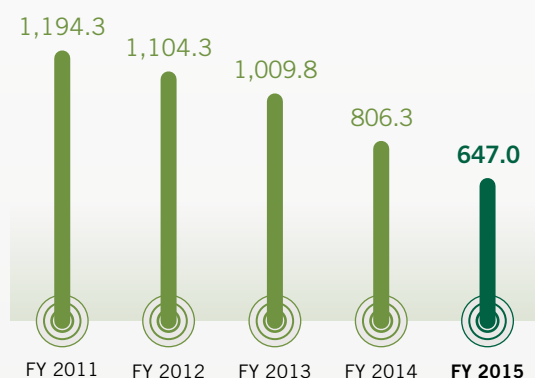
SALES TONNAGE (TONS)



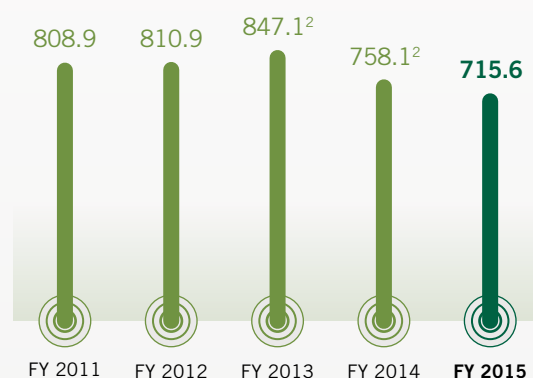
AVERAGE SELLING PRICE (\$/TON) OF NATURAL RUBBER



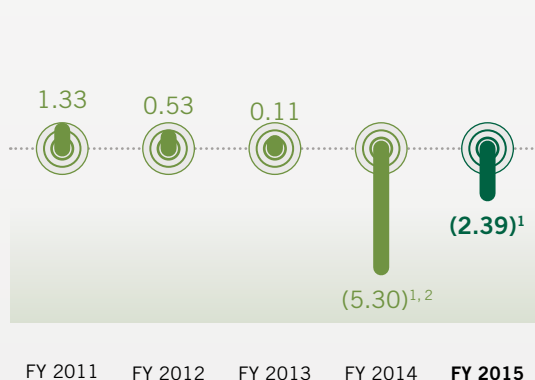
TURNOVER (\$MILLION)



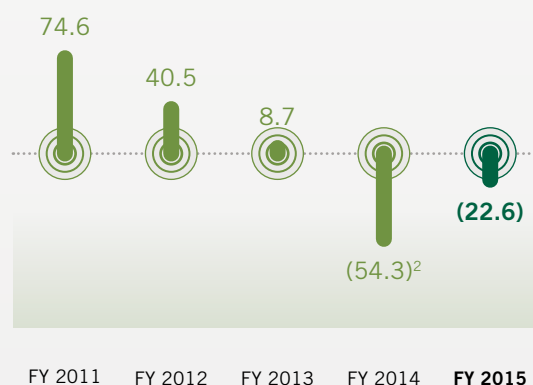
SHAREHOLDERS' EQUITY* (\$MILLION)



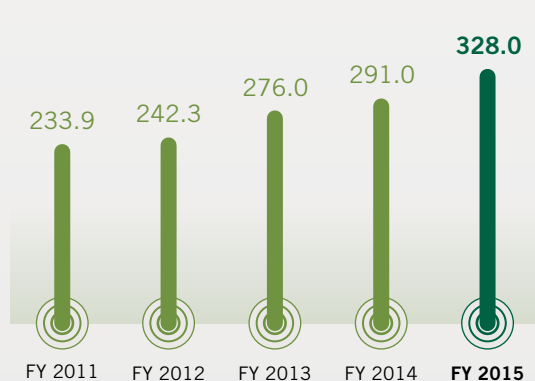
EARNINGS/(LOSS) PER SHARE (CENTS)



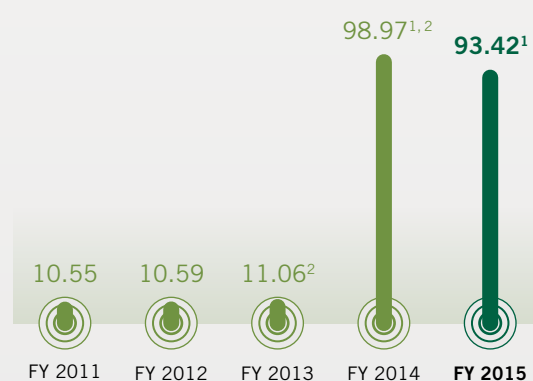
NET PROFIT/(NET LOSS) (\$MILLION)



PLANTATION ASSETS* (\$MILLION)



NET ASSET VALUE PER SHARE* (CENTS)



1 The Group's share consolidation exercise of 10 existing issued ordinary shares into one consolidated share became effective on 18 May 2015. As such, the weighted number of ordinary shares used in the calculation of EPS and NAV is 766,019,636 shares.

2 Restated.

* As at 31 December of the respective financial years.

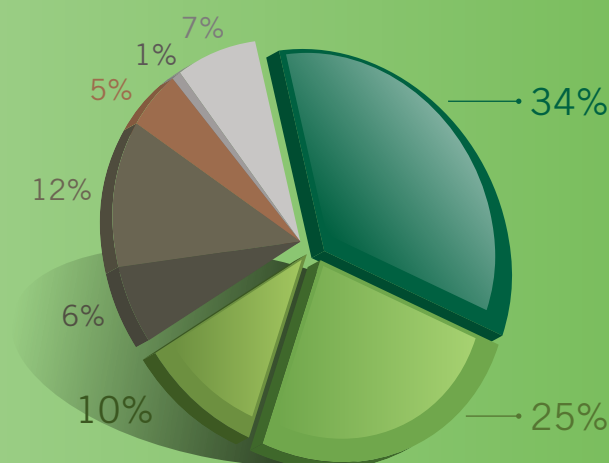


SOLIDIFYING OUR POSITION EXTENDING OUR REACH

In FY2015, more than 50% of our natural rubber shipments were made to Europe and China, with the rest made to diversified markets including South Korea, the Americas, India and Thailand.

REVENUE BREAKDOWN BY SHIPPING DESTINATIONS (%)

GMG's customers include some of the world's top 10 tyre manufacturers.



FY2015

\$647.0
MILLION

- China
- Europe
- South Korea
- United States of America
- India
- South America
- Thailand
- Others

MESSAGE FROM THE CHAIRMAN



DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the annual report of GMG Global Ltd (“**GMG**”) for the year ended 31 December 2015 (“**FY2015**”).

REVIEW 2015

With falling commodities prices against a weaker global macroeconomic environment, the year 2015 has been one of the most challenging for the commodities industry, including the natural rubber industry.

Demand for natural rubber was below expectation as the underlying demand for natural rubber remained lethargic while the world economy slowed down, resulting in natural rubber prices hitting its lowest since 2010.

According to a study done by the International Rubber Study Group (IRSG)¹, the world demand for natural rubber was estimated to have grown by only 3.1% in 2015 to 12.34 million tonnes. It is noteworthy that demand has exceeded the production of natural rubber of 12.27 million tonnes during the year, which helped somewhat to ease the inventory overhang that the rubber market has been struggling with since 2013.

Despite these difficult conditions, we are very pleased to have achieved significant growth in gross profit of 19.7% to S\$61.4 million for FY2015. Although sales tonnage and revenue were lower, our gross margin was boosted by higher sales premium, better raw material procurement and improved overall cost management.

INDUSTRY OUTLOOK 2016

Moving into 2016, although there is a slight projected acceleration in global economic growth for 2016-17, and that is expected to underpin higher demand for natural rubber, we remain conservative on the outlook for rubber. Based on an Economic Intelligence Unit report, low prices and the need to rebuild stocks are two further factors that can lead to stronger growth in natural rubber usage of 3.2% in 2016 and 3.3% in 2017².

We take a long-term view of the rubber industry because it is a cyclical business. We have readied ourselves to move GMG to a leadership position.



¹ The World Rubber Industry Outlook, Review and Prospects to 2024, IRSG, December 2015
² World Commodity forecasts: industrial raw materials, The Economic Intelligence Unit, December 2015
³ The World Bank, 22 October 2015

A key growth driver in the usage of natural rubber is tyre and tyre products which are projected to grow by 2.0% in 2016 and 3.4% in 2017¹. This is positive news for us as we continue to supply natural rubber to the world's top 10 tyre manufacturers with whom we have established close and long-standing relationships.

In addition, we are also exploring opportunities to enlarge our customer base by reaching out to manufacturers of other niche products (such as shock absorbers; vehicle spare parts; and pharmaceutical-related products).

ONE BELT, ONE ROAD INITIATIVE

The One Belt, One Road initiative developed and proposed by the PRC government will lead to the creation of an economic land belt that covers countries on the original Silk Road through Central Asia, West Asia, the Middle East and Europe. It will include a maritime road that links China's port facilities with the African coast, through the Suez Canal and into the Mediterranean. It also encompasses the development of an unblocked road and rail network linking China and Europe that will involve more than 60 countries covering more than half the global population and representing a third of the world's total economy.

We are extremely excited by the scale of this project and the opportunities it brings. We think that the massive construction of infrastructure alone will support the demand for natural rubber in the mid and long term, and we are well positioned to capitalise on these opportunities given the entrenched market position of GMG and our parent company, Sinochem International, in the rubber industry in the PRC.

More importantly, the One Belt, One Road initiative will ultimately link Asia to Africa, which has some of the world's fast-growing economies. Sometimes termed as the "China of tomorrow" or "a new India", the Gross Domestic Product in Sub-Saharan Africa is expected to pick up to an average of 4.4% and 4.8% in 2016 and 2017³ respectively. This increase will be driven by domestic demand, supported by continuing infrastructure investment and private consumption fueled by lower oil prices. We have been in Africa as early as 1995. Our investments across so many parts of Western Africa also position us well for direct opportunities in these fast-growing markets.

GROWTH, TOGETHER

We take a long-term view of the rubber industry because it is a cyclical business. We have readied ourselves to move GMG to a leadership position. We aim to do this by leveraging on our sustainable business model and healthy balance sheet, as well as mobilising our most important resource – ie our people. Earlier this year, we launched our GROWTH campaign, which is an offshoot from our parent company, Sinochem International.



The GROWTH campaign embodies the shared growth of the company and our employees through the "Creation of Value and the Pursuit of Excellence" in the way we conduct ourselves and our business. G.R.O.W.T.H is : **G**ood-to-Great (追求卓越)、**R**ecreate (创新)、**O**wnership (认真)、**W**illing to learn (善于学习)、**T**eamwork (合作)、**H**onesty (诚信).

And, G.R.O.W.T.H means both a personal and corporate pursuit of excellence beyond the good to great. We will recreate ourselves, take ownership and always be willing to learn from others even as we work hard together to become the greatest team. We will conduct ourselves with honesty and integrity at all times so as to ensure that our trustworthiness is never undermined. All these we will do – with "Green" and sustainability imprinted in our minds.

This campaign has been launched in all our global offices and we will ensure that our staff embrace these corporate values and the Growth culture. We are certain we will be able to achieve sustainable growth and development that will benefit all stakeholders.

IN APPRECIATION

I would like to express my sincere and utmost gratitude to our Board of Directors, management team and employees for your contributions, dedication and sacrifices. To our business partners, we thank you for being with us. We will always strive to be your partner of choice. To our shareholders, we are deeply grateful for your patience and continued support in these challenging times. We commit to doing our very best to deliver for GMG!

QIN HENGDE
Chairman

CEO'S LETTER TO SHAREHOLDERS



DEAR SHAREHOLDERS,

I am pleased to report a set of improved results for the financial year ended 31 December 2015 ("FY2015") in spite of the many difficulties and challenges we faced in 2015.

FY2015 REVIEW

The Group's gross profit surged 19.7% to S\$61.4 million, from S\$51.3 million in the preceding year ended 31 December 2014 ("FY2014"). This was achieved even though the revenue and sales tonnage was lower at S\$647.0 million and 325,639 tons respectively. Comparatively,

revenue was S\$806.3 million and sales tonnage was 337,959 tons in FY2014. The improved financial performance was primarily due to higher gross profit margin, which rose to 9.5% against the 6.4% recorded in FY2014, because of better sales premium, increased efficiency in raw material procurement and processing cost management.

Boosted by stronger performance from its palm oil and rubber segments, our associate SIAT S.A. achieved a turnaround. Through our 35% shareholding, our share of profits was S\$3.1 million for the period under

review, compared with a loss of S\$5.2 million a year ago. SIAT S.A. owns and invests in natural rubber and palm oil businesses spread across numerous parts of Africa.

Consequently, we managed to improve our performance by 61.8% with a loss before tax of S\$20.1 million, against a loss of S\$52.6 million the year before. The share of loss attributable to shareholders has also substantially decreased by 54.9% year-on-year, from S\$40.6 million in FY2014 to S\$18.3 million in FY2015. As at 31 December 2015, the Group registered cash and cash equivalents of S\$40.2 million. Debt to equity ratio remained low at 0.29 times for the period under review.

CORPORATE DEVELOPMENTS

GMG has expanded across Asia and Africa by enlarging our plantation footprint and enhancing our processing capabilities during the year. In view of the macro challenges, we have deliberately exercised prudence at every juncture.

In FY2014, we entered into a long-term collaboration with the International Cooperation Centre in Agronomic Research and Development ("CIRAD") of France to help us maximise productivity and yield. CIRAD conducted an extensive study of the soil conditions of our African

Regardless of the market volatility, we are in this business for the long-term and to position ourselves for the upturn, we continue to strategically invest in new planting and replanting in our African plantations.



plantations and planting policies and made several recommendations which we have successfully implemented.

Through CIRAD's research, we found that our Sudcam plantation in Cameroon, Africa, possesses one of the most excellent type of soil quality in the world for growing rubber trees. This is extremely exciting and very positive news for us as we continue our hard work of planting and replanting. We had added 4,121 hectares of planting and replanting for FY2015.

During the year under review, while our total annual processing capacity remained steady at around 527,000 tons, we are proud to share that the quality assurance production standards at our processing plants have continued to rise, with the quality index hitting 98% in FY2015, from 97% a year ago. As a result, we met the stringent quality standards and received accreditations from two of the world's top tyre manufacturers for another two of our factories in Africa. For the period under review, we maintained the utilisation rates of our processing plants at 60% and we intend to increase them to 70%.

We are set to continue with improving our production lines to ensure the quality of our processed rubber so that we will receive more quality certifications from our customers in 2016. That should further entrench our long-standing position as a choice supplier to the world's top 10 tyre manufacturers.

PLANS AND OUTLOOK FOR FY2016

GMG's unique value-proposition is that we are a fully-integrated natural rubber supply chain operator. We are involved all the way, starting from the planting of seeds and selection of budwood from the recommended clones right through to

the sale of processed crumb rubber and latex concentrate.

Planting materials of seeds or tissue culture from established Research and Development organisations are nurtured in our own nurseries until they are ready to be planted in the field. Thereafter, the trees are then nurtured until they are ready to be tapped and natural rubber sent for processing at the factories. Our plantations are our fundamental assets from which we have built and will continue to build a solid base for long-term growth as they derive good margins during upturns in the business cycle. The Group's commitment for 2016 is to invest in new planting by 2,500 hectares and replanting by another 1,000 hectares. Each hectare holds an estimated 512 trees.

For our processing business, we have started and will continue to work towards increasing our quality index to 98.5% for 2016. We intend to meet this target – firstly, by optimising the processing methodology, and secondly, by motivating our staff to embrace quality as top priority. Underpinning all our activities are our efforts to constantly streamline both operational and management cost efficiency.

With the production from our own plantations and added procurement from elsewhere, our factories produce and supply top-quality products to the world's best tyre manufacturers. Our processing capabilities bring profitability and good cash-flow when the industry faces consolidation. These two complementary business segments form major pillars in our twin-pronged strategy in managing a cyclical business.

We will continue to focus on unlocking the value of these two cores and we

believe the key to that lies in our most valuable asset yet – our people. With the launch of



this year, we hope to coach our staff to achieve higher performance through a heightened sense of ownership and team spirit. We have maintained and will reinforce the highest ethical standards in all our internal and external dealings. While we work towards rejuvenating the organisation for sustained growth, we believe that our strong business model today, which is managed by a team of like-minded professionals, has and will pave the way for GMG's growth tomorrow.

It is clear that the global economic landscape has become increasingly unpredictable so we have adopted a cautious approach for 2016. However, even against that backdrop, we remain very confident and optimistic about the prospects of the natural rubber business.

APPRECIATION

In closing, I would like to express my personal thanks to the Board of Directors and each one of our staff for his/her hard work and dedication in making GMG stronger and more resilient. To our valued business partners, customers and shareholders who have stood by us, we are deeply appreciative of your trust, support and friendship, and we look forward to closer collaborations in years to come as we set our sights to scale greater heights!

LI XUETAO

Chief Executive Officer

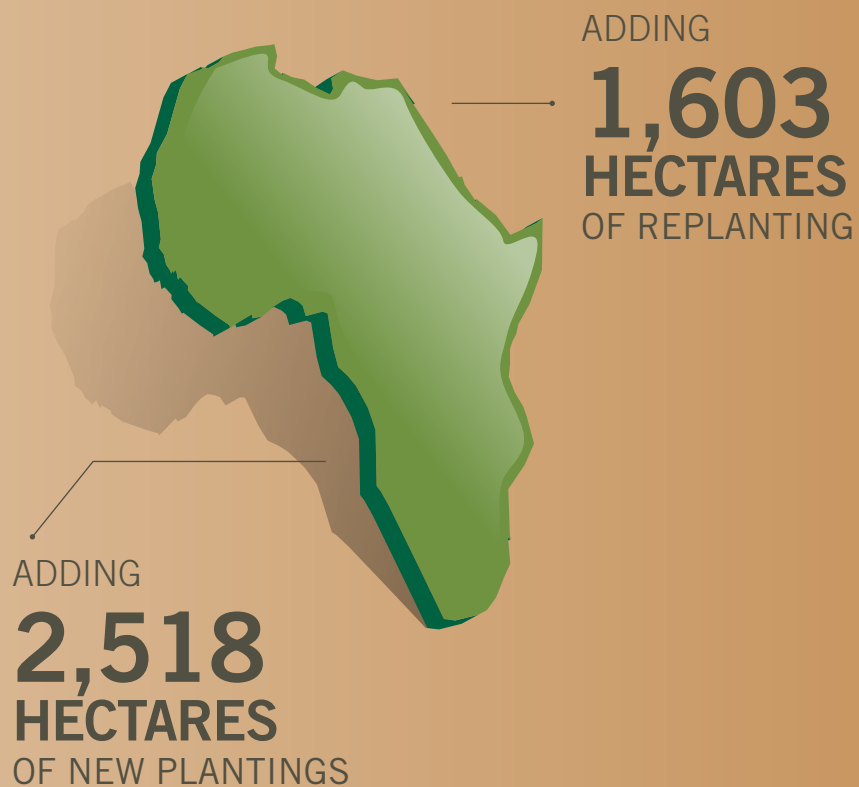


OPTIMISING OUR OPERATIONS ENHANCING OUR PRODUCTIVITY

To gear towards future growth, we added 1,603 hectares of replantings and 2,518 hectares of new plantings during the year.

INVESTMENT AND EXPANSION IN AFRICA

We continue to strategically invest in new plantings and replantings in our Africa plantations.



BOARD OF DIRECTORS



Front row, from left to right:
Qin Hengde, Li Xuetao

Back row,
from left to right:
Li Dajun,
Jeffrey Gondobintoro,
Tay Puan Siong,
Mou Xiangfeng,
Ong Kian Min



QIN HENGDE Chairman, Non-Executive Director

Mr Qin was appointed as Non-Executive Chairman with effect from 23 January 2015. His other appointments include Chairman of Strategy and Investment Committee and member of the Remuneration Committee and Nominating Committee. Prior to this, Mr Qin was Non-Executive Director and a member of the Audit Committee. He was last re-elected as Director on 23 April 2015.

Mr Qin is an Executive Director and President of Sinochem International. His previous appointments include Executive Vice President and Chief Financial Officer of Sinochem International, Director of Finance Department and Chief Accountant of Hubei Hongqi Electrician Group, Chief Accountant of SDIC YuanYi Industry Co Ltd. In 2002, he joined D'Long International Strategic Investment Co Ltd and served as

Deputy General Manager of the Investment Management Department.

Mr Qin holds a Bachelor of Accounting from Nanjing University of Science & Technology and a Master of Science in Management Engineering from Huazhong University of Science & Technology in 2002. He also received an Executive Master of Business Administration (EMBA) from the China-Europe International Business School (CEIBS) in 2011.

LI XUETAO Executive Director, Chief Executive Officer

Mr Li was appointed as Executive Director and Chief Executive Officer with effect from 1 March 2015. He was last re-elected as a Director on 23 April 2015. From August 2011 to February 2015, Mr Li held various positions in Sinochem International Corporation, these include Vice President, General Manager of Trading and Distribution Business Division, Chairman of Committee of Risk

Management and Company's General Counsel. Mr Li was an Executive Director, Chief Operating Officer and Vice President of GMG from 5 September 2008 to 31 July 2011.

Mr Li has more than 18 years of experience in rubber business and tyre business, including tyres export and distribution, synthetic rubber distribution, natural rubber trading, marketing and processing, and merger and acquisition.

Mr Li holds a Bachelor of Economics from University of International Business and Economics, Beijing and a Master of Change Management from BI Norwegian School of Management – Fudan University.

MOU XIANGFENG Executive Director, Vice President

Mr Mou was appointed as Executive Director and Vice President on 1 February 2014. He was last re-elected as director on 25 April

2014. Mr Mou manages the African operations of the Company.

Mr Mou is concurrently a State of Council Expert for Special Allowance, Senior Expert of Sinochem Corporation and Campus Supervisor of Jinan University. Prior to joining GMG, Mr Mou held various executive positions as Board Director and General President of Sinochem Zhuhai Petrochemical Terminal Co., Ltd, Vice President of Sinochem International Corporation and President of GE Shenzhen FineSilicone Co., Ltd.

Mr Mou has more than 20 years of experience in Research & Development Management and Manufacturing. He has received various awards for advanced chemical technology, high quality products and engineering technology in China.

He is a Senior Engineer and holds an Executive Master of Business Administration (EMBA) from Tsinghua University.

TAY PUAN SIONG, JP, PBM
Independent Non-Executive Director

Mr Tay has been an Independent Non-Executive Director since 19 November 1999 and was last re-elected as Director on 29 April 2013. Mr Tay is the Chairman of the Audit Committee and a member of both the Nominating and the Remuneration Committees.

Mr Tay is the Chairman of the Audit Committee and a member of the Nominating Committee of Stamford Tyres Co Ltd. From 1997 to 2012, Mr Tay was an Independent Non-Executive Director, Chairman of Audit and the Executive Resource and Compensation Committees of Superior Multi-Packaging Ltd. Mr Tay was also an Independent Non-Executive Director of Times Publishing Ltd from 2001 to 2015.

Mr Tay holds a Bachelor of Business Administration (1971) from the former University of Singapore. He attended the Harvard Business School Program for Management Development in 1984 and is a member of the Chartered Institute of Logistics and Transport.

Mr Tay is a Justice of Peace, appointed in 1994.

ONG KIAN MIN
Independent Non-Executive Director

Mr Ong has been an Independent Non-Executive Director since 19 November 1999 and was last re-elected as Director on 29 April 2013. He is the Chairman of both the Nominating and the Remuneration Committees and a member of the Audit Committee.

Mr Ong was called to the Bar of England and Wales in 1988 and to the Singapore bar in the following year. In his 26 years of legal practice, he focused on corporate and commercial law, in areas such as mergers and acquisitions, joint ventures, restructuring and corporate finance. In addition to practising as a consultant with Drew & Napier LLC, a leading Singapore law firm, he is also a Senior Adviser of Alpha Advisory Pte Ltd, a financial and corporate advisory firm, and founder of Kanesaka Sushi Pte Ltd. Mr Ong also serves as the Non-Executive Chairman of Hup Steel Ltd and as Non-Executive Director on the board of several other Singapore-listed companies.

Mr Ong was a Member of Parliament of Singapore from January 1997 to April 2011. He was awarded the President's Scholarship and Police Force Scholarship in 1979 and holds a Bachelor of Law (Hons) external degree from the University of London and a Bachelor of Science (Hons) degree from the Imperial College of Science and Technology in England.

JEFFREY GONDOBINTORO
Non-Executive Director

Prior to being a Non-Executive Director, Mr Gondobintoro was Executive Director and Chief Operating Officer of GMG. He held these positions until 15 January 2010 and 2 January 2012 respectively. He was last re-elected as a Director on 25 April 2014.

Mr Gondobintoro holds a Bachelor of Business Administration from the University of Denver, USA, obtained in 1994.

LI DAJUN
Non-Executive Director

Mr Li was appointed as Non-Executive Director on 4 March 2016.

Mr. Li is currently the Deputy General Manager of Sinochem International Corporation and the General Manager of Sinochem Crop Protection Products Co., Ltd. He joined Sinochem International Corporation in 2002 and his previous appointments include General Manager (Agrochemical Business) of Sinochem International Corporation, General Manager of Sinochem International Corp Care Co., Ltd., and General Manager of Sinochem Argo Co., Ltd. Mr Li also served as Assistant Lecturer at Taiyuan Institute of Education, principal staff member of Department of Foreign Trade and Economic Cooperation in Shaanxi province and currently serves as Director (since 2006) and Chairman of Nantong Jiangshan Agrochemical & Chemicals Co., Ltd.

Mr Li holds Double Bachelors, one in Biology from Shaanxi Normal University and the other in International Trade from the University of International Business and Economics, Beijing and a MBA from Fudan-BI Norwegian School of Management.

KEY MANAGEMENT TEAM



ALAN WONG TUAN KENG **Chief Financial Officer**

Mr Wong was appointed as Chief Financial Officer on 1 August 2015.

Prior to joining GMG, Mr Wong held top management positions in Singtel and Telkomsel both of whom are leading mobile operators in Singapore and Indonesia respectively.

From August 2009 to December 2013, Mr Wong served as Vice President, Singtel International Group supporting the Joint Ventures companies and associates in Indonesia, Thailand, Philippines, India, Bangladesh, Pakistan and African operating units. He also served as a Board member in some of the JVs and subsidiaries of the group.

From January 2014 to July 2015, Mr Wong served as Vice President Corporate Finance of Telkomsel (JV between Singtel and Telkom) with responsibility for treasury, operational payments, revenue assurance and taxation.

Mr Wong holds a Masters Degree in Business Administration from University of Strathclyde and a Bachelor Degree of Accountancy from National University of Singapore. He is a Fellow Chartered Accountant of Australia and Singapore.

MA DEYOU **Vice President,** **Business Development**

Mr Ma joined the Group on 5 September 2008 as Vice President in charge of business development.

Mr Ma worked as a Senior Manager of Dalian Junan Real Estate Development Co. Ltd. prior to 1998, after which he moved to Sichuan province as the assistant of Chief Executive Officer of Sichuan Hushan electrical Co. Ltd., a listed company on the Shenzhen Stock Exchange. From 2002 to 2004, Mr Ma worked for D'Long International Strategic Investment Co. Ltd., which is based in Shanghai and was mainly involved in investment and mergers and acquisitions work. Mr Ma served Sinochem International from June 2004 to September 2008 as the key person for the implementation and action for industrial investment in natural rubber processing and plantation.

Mr Ma holds a Master Degree in Structure of Engineering from Dalian University of Technology, Liaoning Province (1996).

GU LINMIN **Vice President**

Mr Gu was appointed as Vice President of the Company on 1 June 2012.

He has more than 21 years of experience in managing companies and large enterprises in the chemical sector. In 2009, Mr Gu was appointed to Sinochem International.

Prior to his appointment, Mr Gu had served the Sinochem Group of companies in various management and executive capacities. These companies include Sinochem Jiangsu Corporation, Sinochem American Holdings, Inc, Sinochem (USA) Inc., Sinochem Ningbo Import and Export Co., Ltd.

Mr Gu holds an Executive Master of Business Administration (EMBA) from China-Europe International Business School (China) and a Master Degree from the Department of Chemistry, Hangzhou University, PRC.

NI YONGBING
Vice President,
Human Resources

Mr Ni was appointed as Vice President, Human Resources on 1 February 2014.

Mr Ni has more than 16 years of experience in Human Resources Management. Prior to joining GMG, Mr Ni was the General Manager of Sinochem International's HR. From 2001 to 2010, he worked with BASF China Co. Ltd as Senior HR Manager, BASF Catalyst (Nanjing) Company Limited as HR & Admin Manager, Taicang Chemical Site of Sinochem International Corporation as HR Department Manager and BASF-YPC Company Limited as Recruitment/ Selection Manager.

Mr Ni holds a Master Degree in Business Administration from Dalian University of Science and Technology.

BAMBANG ARIA WISENA
Vice President,
Plantation

Dr Bambang Aria Wisena was appointed as Vice President, Plantation on 7 April 2014.

Dr Bambang has more than 15 years of solid experience in rubber and processing operations. During his tenure in PT. Bakrie Sumatera Plantations Tbk, Dr Bambang held various positions and these include Commissioner, President Director/CEO, Director of Rubber Business, Director of Strategic Investment Portfolio and Commercial/ Sales Directors.

Dr Bambang graduated from the Doctoral Program in Business and Management at Bogor Agricultural University's Business School (SB-IPB), Indonesia and holds a Master of Business Administration from Prasetiya Mulya Management School, Indonesia.

WANG GEE HOCK
Vice President,
Processing

Mr Wang was appointed as Vice President, Processing on 16 December 2014.

Mr Wang worked as a General Manager of Xuzhou Baofeng Special Steel Co., Ltd from January 2013 to July 2013. Prior to 2013, Mr Wang held various positions in Superior Multi-Packaging Limited. These include Chief Executive Officer, Executive Director, Group General Manager, General Manager, Senior Vice President and Assistant General Manager from 2004 to 2012.

Mr Wang graduated from the Nanyang Technological University with a Bachelor's degree in Engineering (Electrical & Electronic Engineering).

OVERSEAS MANAGEMENT TEAM



JEAN-MARC SEYMAN **Africa Regional Deputy Head**

Mr Seyman was appointed as the Africa Regional Deputy Head on 1 April 2014. He was the Director and Chief Executive Officer (Director General) of Sud Cameroun Hevea S.A. from October 2010 to March 2014 and the CEO of Hevecam S.A. and GMG International S.A., Cameroon from 2000 to July 2007. Mr Seyman continues to serve as a Director of Hevecam S.A. and Sud Cameroun Hevea S.A..

Mr Seyman has over 31 years of experience and an established reputation in the natural rubber industry. He spent 20 years with Paris-based SAFIC ALCAN holding various executive management positions in Paris and Kuala Lumpur and also served an 8-year term in Singapore as its Group's Managing Director for the far east. He last served SAFIC ALCAN in Paris as its Vice President & Group Director of rubber/latex operations. Mr Seyman has also held other positions including Chief Executive Officer of Fine Shine Group in USA and Contech Nigeria Ltd. in Lagos managing plastic packaging operations, chemical trading, plastic resins distribution and marketing of natural rubber. He has an in-depth international natural rubber experience both in terms of management and marketing.

Mr Seyman is a graduate in Economic Studies from CNAM, France.

TJAHAJA GONDOSETIAWAN **Chief Advisor,** **Indonesia**

Mr Gondosetiwawan has been a Director of P.T. Bumi Jaya and P.T.GMG Sentosa since 2005 and 2010 respectively.

From 1991 to 2005, Mr Gondosetiwawan served as Director and Managing Director in various Indonesian companies covering various industries including sugar machinery supplier, freight forwarding business, cement plant, hotel and property development, railway container transportation and logistics management services. He is currently managing the daily operations of both P.T. Bumi Jaya and P.T. GMG Sentosa.

Mr Gondosetiwawan holds a Bachelor in Business Administration from the University of Southern California, Los Angeles, USA.

RAJASEGAR R. S. MANIAM **Director General,** **Hevecam S.A.,** **Cameroon**

Mr Rajasegar joined the Group in August 2005 as the New Development HQ Project Manager of Hevecam S.A., Cameroon. He was appointed as Head of Plantation Department in 2008. In January 2012, he was appointed as the Chief Operating Officer for Africa Region (Plantations) and in March of the following year he was appointed as the Chief Executive Officer (Director General) of Hevecam S.A.

Prior to joining the Group, he served as a Senior Plantation Manager with Lyman Agro Division in West Kalimantan, Indonesia. He has been in the plantation industry for over 34 years and has vast management experience in tropical tree crops including natural rubber, oil palm, cocoa and coconut.

He started his plantation career in January 1982 with Harrisons & Crosfield, a London based plantation group (known as Golden Hope Plantations Berhad from 1990 and

since November 2007 as Sime Darby Plantations), where he spent over 21 years serving in many locations across Peninsular Malaysia and North Borneo.

On 20 May 2015, he was conferred the title of "Chevalier Order la Valeur" (Knight of the order of Valour) by the President of Cameroon, his Excellency, Mr Paul Biya.

Mr Rajasegar holds a Bachelor of Science majoring in Chemistry (1980) from the University of Madras in South India and is a member of the Incorporated Society of Planters.

ONG CHEE SING **Director General,** **Sud Cameroon Hevea S.A.,** **Cameroon**

Mr Ong Chee Sing was appointed as Director General of Sud Cameroun Hevea S.A. in 2014. Mr Ong has been with the Group since 2005 when Sinochem acquired a CSR factory in Hainan, China. He was later promoted to Vice President, Rubber division as Processing and Research Director for Sinochem International. Mr Ong joined GMG Global in 2012 as Operations Manager and was appointed as the Chief Operating Officer of Sud Cameroun Hevea S.A. in 2013. During his tenure with the Sinochem Group, Mr Ong was awarded the Special Grade Technical Manager in 2009 and Special Contribution to the Nation from the National Bureau of Economic Ministry of China in 2010.

Mr Ong started his career in 1975 with Sime Darby Plantations where he served as a Manager. Thereafter, Mr Ong served as the Chief Operating Officer with Uniroyal Plantation in Liberia from 1983 to 1994. He has been in the plantation industry for 40 years and has vast industry and management experience.

Mr Ong graduated from Universiti Putra Malaysia, formally known as Universiti Pertanian Malaysia in 1975 and holds an Executive MBA from Zhongshan University, China (2010).

JOSEPH DESIRE BILEY
President Director General,
Tropical Rubber Cote d'Ivoire,
Cote d'Ivoire

A graduate from ESSEC (Ecole Supérieure des Sciences Economiques et Commerciales) in Paris from IMD (International Management Development Institute) in Lausanne and from IESE in Spain, Mr Biley has been a Director of Tropical Rubber Cote d'Ivoire since its incorporation in 1995.

Mr Biley joined the Group as President Director General of Tropical Rubber Cote d'Ivoire in 1997. Prior to that, he was the Director of Public Affairs in Nestle, in charge of Regional Development. Over the past 25 years, he has held positions such as Assistant to Managing Director, Division Leader, Finance and Administration Deputy Manager, Finance and Control Manager and Operations Director within the Nestle Group in Cote d'Ivoire. Mr Biley is also the President of the Board of Directors of the Ivorian Association for Standardization, Chairman of the National Federation of Industries and Services of Cote d'Ivoire, Vice Chairman of the National Board of Employers in Cote d'Ivoire and Rapporteur of the World Bank's Task Force on Internal and External competitiveness listed in the who's who 100 in Cote d'Ivoire. He was also appointed by the profession (APROMAC) to chair the Ivorian Rubber Development Fund with the initiative to spearhead the development of additional 300,000 hectares of new plantations and plantations access roads in Cote d'Ivoire.

NOME KARINE LOHOUES
Director General,
Ivoirienne de Traitement
du Caoutchouc (ITCA),
Cote d'Ivoire

Ms Lohoues is currently the Director General of ITCA, having previously held the position of Chief Operating Officer from August 2012 to January 2013.

A graduate with Bachelor Degrees from ESCG (Ecole Supérieure de Commerce et de Gestion) in Paris and LaSalle University in Philadelphia (USA), she holds a MBA from Philadelphia University, and was awarded a certificate of completion for the Leadership Decision Making Program from Harvard Business School and AMP-IESE Barcelona.

Ms Lohoues has a strong background in banking and finance, with expertise in areas such as financial analysis, financial lending processes, market research, debt restructuring, securitisation, strategy and management. Prior to her current appointment, she held positions with Access Bank Cote d'Ivoire as Head of Multinationals & Telecoms in Corporate Banking Group from January 2009 to August 2012, and with Phoenix Capital Management as a Senior Financial Analyst in Corporate Finance Department from March 2007 to December 2008. She also held various positions with PNC Mellon Bank Group in Delaware (USA) as Senior Hedge Fund Analyst in the Alternative Investment Group from January 2005 to December 2006, and with other companies such as Exchange Data International (UK) and Bloomberg LP (USA).

LEE KENG SENG
Chief Executive Officer,
Teck Bee Hang Co., Ltd,
Thailand

Mr Lee was appointed Executive Director in 2003 and is currently the Executive Director as well as CEO of Teck Bee Hang Co., Ltd, Thailand.

A veteran in the rubber industry having extensive hands-on experience as a trader, manufacturer and processor, Mr Lee has accumulated over 41 years of experience in various international rubber organisations. Early in his career, Mr Lee began as a Trainee Supervisor from 1968 to 1969 in International Footwear Manufacturing Ltd., Hong Kong. In 1970 to 1973 he was appointed as the Managing Director of International Footwear Pte. Ltd., Singapore, dealing with the manufacturing and export of rubber footwear.

Over the course of Mr Lee's illustrious career, he was appointed as Managing Director of companies such as International Footwear (Kedah) Co. Ltd., Malaysia from 1974 to 1976, and Lam Seng Rubber (Malaysia) Sdn. Bhd., Malaysia from 1979 to 1986. From 1977 to 1978, Mr Lee was also Deputy Managing Director of Southern Co. Ltd., Singapore, the third largest rubber packing house, trader and exporter in Singapore. He has also held key positions such as Chairman of Len Tong Holdings and Investment Co. Ltd., Hong Kong from 1987 to 1996. He was entrusted to be the General Manager and later Executive Director of Lam Wah Co. Ltd., Thailand and Teck Bee Hang Co., Ltd., Thailand.





INCREASING OUR YIELDS IMPROVING YOUR RETURNS

The natural rubber business is a long-haul business, so we remain focused on building and strengthening the fundamentals of GMG.

QUALITY ASSURANCE, OUR NUMBER ONE PRIORITY

We will continue to make improvements to our production lines to ensure that we deliver processed rubber of the highest quality.



ACHIEVED
QUALITY INDEX OF
98%
in FY2015

CORPORATE SOCIAL RESPONSIBILITY



RESPONSIBILITY TO OUR COMMUNITY

SETTING UP A BUDWOOD NURSERY AT SANGMELIMA, CAMEROON, AFRICA

Sudcam visited the Technical School of Agriculture in Sangmelima, a town in southern Cameroon, to set up a budwood nursery. Its representatives imparted their knowledge and expertise to the students.

To kick-start the planting process, Sudcam donated 20 hectares worth of rubber stumps.



MEDICAL-RELATED EFFORTS BY SUDCAM AND THE FOUNDATION CHANTAL BIYA HOSPITAL

◀ To support the medical team treating pygmies around the local villages, Sudcam donated a new bike to the Foundation Chantal BIYA hospital to help them move around.

Distribution of free mosquito nets to all Sudcam employees. ▶



RESPONSIBILITY TO OUR ENVIRONMENT

In a bid to do its part for the environment, Sudcam sponsored a Chicken Breeding pilot project in the Nlobesse Village as an anti-poaching alternative. UNESCO representatives, the International Union for Conservation of Nature, Ministry of Forests and the Ministry of Culture and Arts showed their support by attending the project launch.





C O R P O R A T E D A T A



BOARD OF DIRECTORS

EXECUTIVE

Li Xuetao
Chief Executive Officer

Mou Xiangfeng
Vice President

NON-EXECUTIVE

Qin Hengde, Chairman
Tay Puan Siong, Independent
Ong Kian Min, Independent
Jeffrey Gondobintoro
Li Dajun

AUDIT COMMITTEE

Tay Puan Siong, Chairman
Qin Hengde
Ong Kian Min

NOMINATING COMMITTEE

Ong Kian Min, Chairman
Qin Hengde
Tay Puan Siong

REMUNERATION COMMITTEE

Ong Kian Min, Chairman
Qin Hengde
Tay Puan Siong

COMPANY SECRETARIES

Abdul Jabbar Bin Karam Din
Lu Ling Ling

Registered Office
8 Marina View
#34-05 Asia Square Tower 1
Singapore 018960
Tel No : +65 6220 8638
Fax No : +65 6323 0737
+65 6420 6731

SHARE REGISTRAR

**Boardroom Corporate & Advisory
Services Pte Ltd**
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel No : +65 6536 5355
Fax No : +65 6536 1360

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
6 Shenton Way
#32-00 OUE Downtown 2
Singapore 068809

PARTNER-IN-CHARGE

Tsia Chee Wah
(appointed on 29 April 2013)

INVESTOR RELATIONS

GMG GLOBAL LTD

Email : corpcomms@gmg.com.sg

AUGUST CONSULTING

101 Thomson Road
#30-02 United Square
Singapore 307591
Tel No : +65 6733 8873
Email : karenting@august.com.sg
serenechia@august.com.sg

RISK MANAGEMENT



OVERVIEW

The Board assessed and evaluated the Group's risk tolerance and appetite and has set out an overall strategy to safeguard shareholders' investments and the Group's assets. As the Group pursues its strategic objectives, it manages risks through teams, plans, policies, systems, controls, processes and procedures. The design and implementation of the foregoing are overseen by the Board and it continues to monitor improvements.

Risk management is everyone's responsibility. It is an integral part of the Group's business processes and includes internal controls to minimise to the lowest possible extent, the adverse or potential adverse effects to the Group's shareholders, businesses and people. The Group has established Risk Committees comprising key managers from Singapore Headquarter and those in Operating Companies. Risk managers are engaged in proactive risk management and regularly report to the Audit Committee and the Board highlighting the significant risks and actions taken by management to manage the risks.

INFLATION

The Group has operations in countries where inflationary pressures increase operating costs, mainly attributed to higher labour and raw material costs, resulting in negative impact to operating income. The Group proactively monitors inflationary risk through macroeconomic research and calibrates its business strategies and operations to minimise potential impact.

COMMODITY PRICE

Volatility of natural rubber prices results in uncertainty of cash flows. From time to time, the Group enters into (natural rubber) futures contracts to manage this risk.

FOREIGN EXCHANGE

The Group transacts businesses in various foreign currencies, including the United States Dollar, Indonesia Rupiah, Thai Baht, Euro, Congolese Franc and CFA Franc, is therefore exposed to foreign exchange risk. The Group uses currency forward contracts and/or options to manage its exposure to foreign currency risk in the local reporting currency.

INTEREST RATE

The primary exposures of the Group with respect to interest rate fluctuation relate to interest-bearing bank deposits, short-term loans, long-term loans and finance leases. The Group proactively monitors the interest rates and mitigates potential adverse effects.

CREDIT

The Group's principal financial assets are cash, bank balances and trade receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties have high credit ratings.

The Group's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made when there is an identified loss event which, based on previous experience, is evident of a reduction in the recoverability of the receivables.



RISK MANAGEMENT



LIQUIDITY

The Group maintains sufficient cash and cash equivalents, and internally generated funds to finance its activities. The Group has internal control procedures established to supervise and monitor key transactions and activities of the Group's operations. The procedures are independently reviewed and regularly tested to ensure compliance.

BIOLOGICAL ASSETS IN PLANTATIONS

The Group's matured rubber tree plantations, mostly located in Africa, are replanted after 25-35 years when latex yields decrease to an uneconomic level. Replanting and new planting initiatives are dependent on factors such as soil conditions, plant disease, pests, weeds and weather conditions. The Group engages the services of qualified professionals to provide advice on matters pertaining to the renewal of biological assets and/or the conduct of new planting initiatives.

SOCIAL AND POLITICAL

The socio-economic and political environment where the Group operates in are closely intertwined and ever-present. Political uncertainties, labour relations, human rights and environmental protection issues and the implications of undue social and economic stratification or marginalisation have serious impact to the local population and the Group's businesses.

The Group is geographically diversified with operations in Africa and Asia. Social and political risks are monitored and potential adverse effects assessed on a regular basis. By leveraging on the expertise and knowledge of the local management, effective risk mitigation measures are implemented.

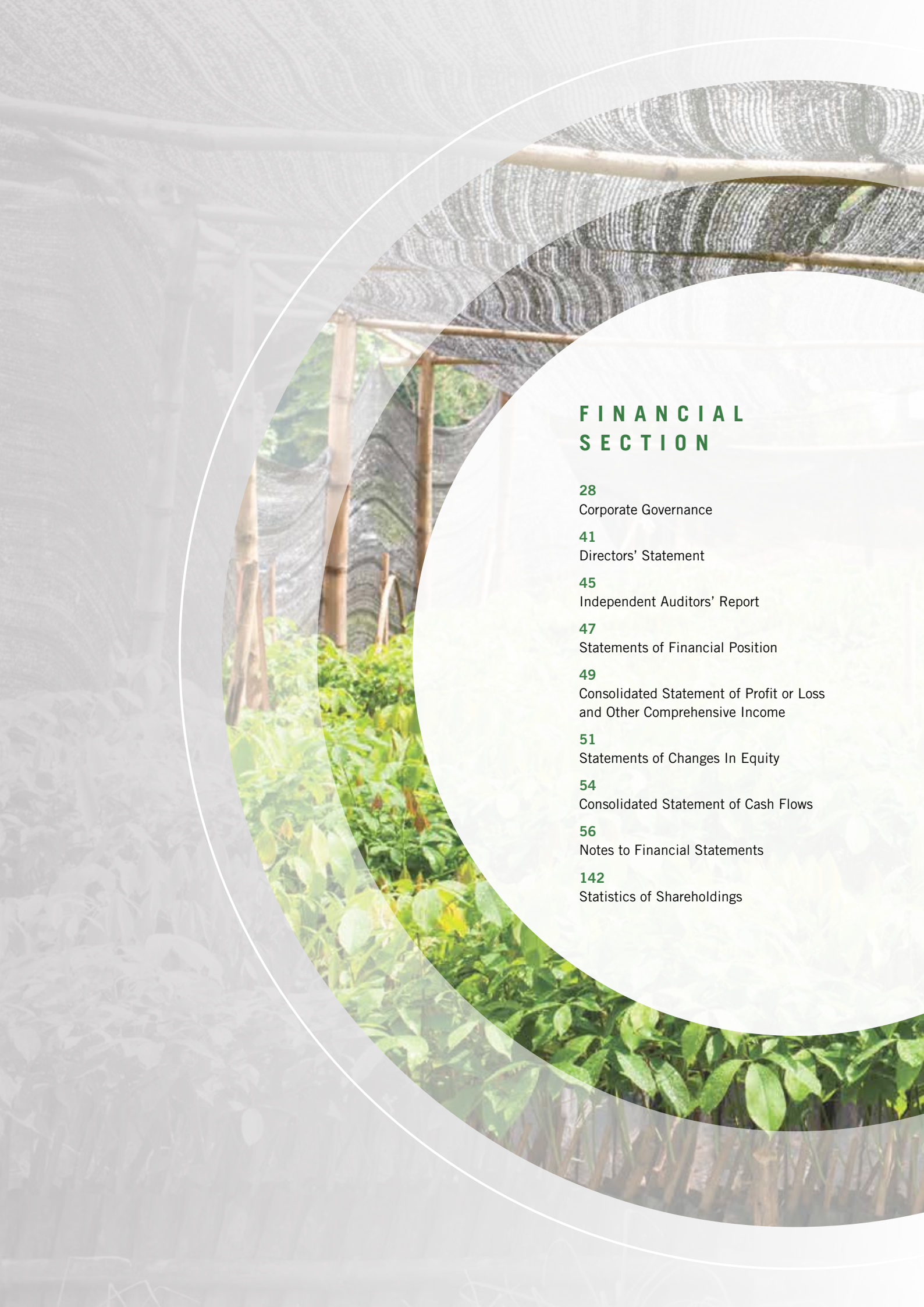
COMPLIANCE AND LEGAL

The Group operates in many different geographic locations with diverse cultures and local customs. Its businesses are subject to local

regulations and standards, which may impact or limit flexibility in responding to market conditions or changes to cost structures. The respective operating company heads are tasked with the responsibility of compliance with applicable laws and regulations and the Board oversees the discharge of their responsibilities.

The legal risks that arise include but are not limited to inadequate documentation and uncertainty about practical enforceability of contracts and rights (whether accorded or negotiated). Claims or disputes that may or may not lead to litigations could also result as a consequence of doing business. The Group identifies and manages legal risks through the use of internal and external legal advisers. In addition, the Group also engages proactively in discussions and consultations with regulators, governments, industry leaders and chambers to understand the local requirements to the fullest extent possible.



The background of the page is a photograph of a tea plantation. In the foreground, there are rows of tea bushes with green leaves. In the background, there are bamboo poles supporting a black netting structure, likely for shade or protection. The image is partially covered by two large, overlapping white circles. The right circle contains the text for the Financial Section.

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C O R P O R A T E G O V E R N A N C E



The Board of Directors (the “**Board**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”) as a fundamental part of its responsibilities to protect and enhance shareholder value and the financial performance of the Group.

The Board and Management are also committed to using their best endeavours to align the Company’s governance framework with the recommendations of the revised Code of Corporate Governance which was issued by the Monetary Authority of Singapore on 2 May 2012 (the “**2012 Code**”) and applicable to the Company with effect from the financial year commencing 1 January 2014.

The Board confirms that the Company has adhered to the principles and guidelines set out in the 2012 Code, where applicable, unless otherwise specified herein.

1. BOARD MATTERS

(a) Board Composition

As at the date of this report, the Board comprises the following Directors:

Executive Directors:

Li Xuetao, Chief Executive Officer
Mou Xiangfeng

Non-Executive Directors:

Qin Hengde, Chairman
Jeffrey Gondobintoro
Li Dajun

Non-Executive Independent Directors:

Tay Puan Siong
Ong Kian Min

The Board is of the view that its current size is appropriate and will review, from time to time, the Board’s composition and size as deemed necessary.

As a group, the Directors bring with them a broad range of expertise and experience in areas such as accounting, finance, legal, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the Directors’ experience allows for the useful exchange of ideas and views. The profile of the Board members are set out in the section entitled “Board of Directors” of the Annual Report.

The Directors noted the potential non-compliance with the 2012 Code guideline 2.2 in the current composition of the Board, but due to impending corporate restructuring of the Group, the Directors had considered and decided to maintain status quo for the time being.

The Non-Executive Directors constructively challenge and engage Management and assist in the development of proposals on strategy. The Non-Executive Directors also review the performance of Management.

C O R P O R A T E G O V E R N A N C E



(b) Chairman and Chief Executive Officer (“CEO”)/ Executive Director

The roles of the Chairman and CEO are separate in line with good corporate governance practices. Each of them performs separate functions to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision-making are not compromised.

The Chairman, Mr Qin Hengde, who is a Non-Executive Director, manages the business of the Board and, in consultation with the Executive Directors and Company Secretaries, schedules Board meetings at appropriate intervals during the year. The Chairman is responsible for the workings of the Board and ensures the integrity and effectiveness of the governance process of the Board. The Chairman also promotes a culture of openness and debate at the Board; encourages constructive relations within the Board and between the Board and Management; and is responsible for the exercise of control of the quality, quantity and timeliness of information flow between Management and the Board.

The CEO, Mr Li Xuetao who is an Executive Director, manages the Group's day-to-day operations with the assistance of the senior management.

All major decisions made by the CEO are endorsed and, where necessary, approved by the Board.

(c) Board's Conduct of Affairs

The Board oversees the business affairs of the Company, reviews the Group's strategic business plans, sets broad and overall business objectives of the Group, provides guidance to Management, approves major transactions and monitors the performance of Management.

The Board also reviews the assessment of key risks by Management and the operational and financial performance of the Group to enable the Group to meet its objectives.

Board approval is required for matters likely to have a material impact on the Group's operations as well as investments, disposals and matters other than in the ordinary course of business.

The Company has formulated guidelines setting forth matters reserved for the Board's decision. Management has also been given clear directions on matters (including without limitation thresholds and delegations of authority for certain operational matters relating to the Company and its subsidiaries) that require the Board's approval.

The Board conducts regularly scheduled meetings at least 5 times a year and meets as and when warranted by particular circumstances between these scheduled meetings. Management meets monthly to attend to the Group's operational matters.

The Company's Constitution provide for meetings to be held via telephone or other means of communication (such as video conferencing).

The Board is supported by the following Board Committees:

- (i) Audit Committee
- (ii) Nominating Committee
- (iii) Remuneration Committee
- (iv) Strategy and Investment Committee

C O R P O R A T E G O V E R N A N C E



Details of Directors' attendance at Board and Board Committee meetings held in the financial year ended 31 December 2015 ("FY2015") are summarized in the table below:

Meeting of	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Qin Hengde	5	5	6	6	2	2	1	1
Li Xuetao*	5	4	-	-	-	-	-	-
Mou Xiangfeng	5	5	-	-	-	-	-	-
Tay Puan Siong	5	5	6	6	2	2	1	1
Ong Kian Min	5	5	6	6	2	2	1	1
Jeffrey Gondobintoro	5	3	-	-	-	-	-	-
Li Dajun**	-	-	-	-	-	-	-	-
Yao Xingliang***	5	4	-	-	-	-	-	-

Note:

* Li Xuetao was appointed as a Director and CEO on 1 March 2015.

** Li Dajun was appointed as a Director on 4 March 2016.

*** Yao Xingliang ceased to be an Executive Director and CEO and was re-designated as Non-Executive Director on 1 March 2015. He resigned as a Non-Executive Director on 2 November 2015.

All Directors have independent access to the Group's senior management and the Company Secretaries. Management provides Directors with complete and adequate information (including, inter alia, information relating to finance, performance, prospects, variances and risks) prior to Board meetings and on an on-going basis in a timely manner. Detailed board papers are prepared for each Board and Board committee meeting and these are circulated in advance of each meeting to allow Directors sufficient time to review and consider the agenda items and to facilitate productive discussions and debates during meetings. From time to time, sensitive matters may also be tabled at meetings for discussions, usually also with papers being distributed to facilitate effective discussion and decision-making.

The Company Secretaries provide advice, secretarial support and assistance to the Board and ensure adherence to Board procedures and relevant rules and regulations applicable to the Company. The Company Secretaries attend all Board meetings and Board Committee meetings, as appropriate.

Under the Constitution of the Company, the decision to appoint or remove the Company Secretaries can only be taken by the Board as a whole.

Newly-appointed Directors are provided training in a comprehensive orientation programme undertaken by the CEO and senior management to provide them with information on the background and history of the Group, its business operations and policies and corporate governance practices. The programme gives the Directors an understanding of the Group's businesses to enable them to assimilate into their roles and allows them the opportunity to acquaint with and gain access to Management.

During the course of the financial year, the Board was updated regularly on corporate governance, corporate best practices, risk management and key changes in relevant regulatory requirements and financial reporting standards so as to enable it to discharge its duties. All the Directors are kept apprised of relevant news releases issued by the Accounting and Corporate Regulatory Authority ("ACRA") and Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company has set aside a training budget for Directors to attend relevant courses, conferences, trainings and seminars and the foregoing are informed to the Directors by the Secretariat regularly. The Directors are also provided with updates on changes in the relevant laws and regulations, where appropriate, to enable them to make well-

C O R P O R A T E G O V E R N A N C E



informed decisions and to discharge their duties responsibly.

In addition, the Directors may seek independent professional advice to fulfil their duties and the costs relating thereto will be borne by the Company.

During the year in review, the Directors have been briefed and/or trained, inter alia, on the following:

- Changes to regulatory requirements
- Developments in financial reporting standards
- Directors' Financial Reporting Essentials
- Strategic and business developments of the Group
- Enterprise Risk Management issues
- The Singapore Exchange Securities Trading Limited ("SGX-ST") minimum trading price requirement
- Sustainability Reporting

The Board provides shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis in the Group's quarterly and full-year financial results announcements.

(d) Board Committees

(i) Audit Committee ("AC")

The AC comprises three Non-Executive Directors, a majority of whom are Independent Non-Executive Directors, as follows:

Tay Puan Siong, Chairman
Ong Kian Min
Qin Hengde

The Board is of the view that the AC members have adequate, relevant and recent financial management expertise and experience to discharge the AC's functions.

The AC met more than 5 times in FY2015, and as and when deemed appropriate to carry out its functions.

The AC is regulated by a set of written terms of reference.

The AC performs the following key functions:

- reviews the annual and quarterly financial statements of the Company and the Group before submission to the Board for adoption;
- reviews with the external and internal auditors, their audit plans and audit reports;
- reviews the co-operation given by Management to the external and internal auditors;
- reviews and nominates the appointment or re-appointment of external auditors;
- reviews the scope and findings of the internal audit including the effectiveness of the Company's internal audit function;
- reviews interested person transactions;
- reviews the independence of the external auditors annually;
- reviews the whistle-blowing policy and events;
- monitors the policy and procedures to ensure compliance with best practices and applicable legislation; and
- follows up on deficiencies in the internal controls identified and the remedial action taken by Management.

C O R P O R A T E G O V E R N A N C E



The AC has full access to and co-operation of Management. The AC also has full discretion to invite any Director or Executive Officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The AC has reviewed the audit and non-audit services provided by the external auditors, Deloitte & Touche LLP, and is of the opinion that the provision of non-audit services does not affect their independence. A breakdown of the audit fees for audit and non-audit services provided by Deloitte & Touche LLP is disclosed in page 131 of the Annual Report.

Annually, the AC meets with the external and internal auditors without the presence of Management. The AC has recommended the re-appointment of Deloitte & Touche LLP as the Company's auditors at the forthcoming Annual General Meeting.

The external auditors of the Company, its Singapore-incorporated subsidiaries and significant foreign-incorporated subsidiaries and associated companies are Deloitte & Touche LLP and overseas practices of Deloitte & Touche Tohmatsu. Accordingly, the Company has complied with Rules 712 and 715 of the Listing Manual.

The Company has in place a whistle-blowing programme where employees and/or external parties may, in confidence, report possible improprieties which may cause financial or non-financial loss to the Company. The objective is to ensure that arrangements are in place for the independent investigation of matters raised and to allow appropriate follow-up action to be taken. The whistle-blowing programme has been communicated to all staff and the scope and operation of the whistle-blowing programme has been explained during staff trainings. The whistle-blowing programme allows reports to be made to designated hotlines, email accounts and websites that are independently administered and managed by an external service provider.

(ii) **Nominating Committee ("NC")**

The NC comprises three members, a majority of whom are Independent Non-Executive Directors.

The members of the NC as at the date of this report are:

Ong Kian Min, Chairman
Qin Hengde
Tay Puan Siong

The NC is chaired by Mr Ong Kian Min, an Independent Non-Executive Director, who is not associated with any substantial shareholder.

The principal functions of the NC stipulated in its terms of reference are summarized below:

- reviews and makes recommendations to the Board on all nominations for appointments and re-appointments to the Board;
- decides whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple board representations;
- makes recommendations to the Board for the continuation of services of any Director who has reached the age of seventy (70) years, where appropriate;
- assesses the performance of the Board as a whole;
- reviews the Board structure, size and composition, and makes recommendations to the Board with regards to any adjustment that are deemed necessary; and
- determines the independence of each Director.

C O R P O R A T E G O V E R N A N C E



The NC has in place a process for selection and appointment of new Directors. This process provides procedures for the identification of potential candidates, review of the candidates' skills, knowledge and experience, assessment of the candidates' suitability and finally recommending their appointments for the Board's consideration. A formal letter of appointment is provided to each Director upon his appointment, informing him, inter alia, of his duties, obligations and responsibilities.

The NC has adopted a formal process of evaluating the performance of the Board as a whole. This process involves the completion of a questionnaire by Board members. A summary of findings is prepared based on the completed questionnaires and is reviewed and deliberated by the NC. The Chairman of the NC confers with the Chairman of the Board on the findings and appropriate follow-up actions are taken as necessary. A Board performance evaluation has been carried out to assess and evaluate the Board's composition, size and expertise, timeliness of Board information, accountability and processes. No external facilitator has been engaged by the Board for this purpose.

As the Board committees, namely AC, NC and Remuneration Committee, comprise members who are Non-Executive Directors and Independent Non-Executive Directors, the NC has reviewed and considered that separate assessment of the effectiveness of each Board committee and individual Director evaluation as recommended by the 2012 Code is not deemed necessary and that assessment of the Board as a whole is sufficient for the time being.

Based on the attendance of the Directors, their contributions at meetings of the Board and Board Committees, and their time commitment to the affairs of the Company, the NC is of the view that it would not be necessary to put a maximum limit on the number of listed company board representations and other principal commitments of each Director. However, the NC would continue to review from time to time, board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

The NC and the Board as a whole have reviewed the independence of each Director for FY2015 in accordance with the 2012 Code's definition of independence. In respect of the Independent Directors, namely Mr Tay Puan Siong and Mr Ong Kian Min, who have served on the Board of the Company for more than nine (9) years from the date of their first appointments on 19 November 1999, the NC has reviewed and confirmed that both Mr Tay and Mr Ong are independent. In its review, the NC considered many factors, including the change in the major controlling shareholder of the Company in August 2008. The Board had thereafter, as a whole also considered and determined that the Independent Directors have, over time, developed significant insights into the Group's businesses and operations and provided very valuable contributions to the Board through their integrity, objectivity and professionalism notwithstanding the years of service. Both Mr Tay and Mr Ong have demonstrated strong independence and good judgement in the discharge of their duties and a commitment to uphold the interests of all shareholders, in particular non-controlling shareholders. They have expressed succinctly and objectively their views on issues and provided relevant and invaluable input. They have also scrutinised and challenged Management regularly in order to improve the work undertaken by Management. After due consideration, the Board has resolved that Mr Tay and Mr Ong continue to be considered independent directors.

There is adequate representation of Non-Executive Directors and Independent Non-Executive Directors on the current Board. Accordingly, the NC is of the view that there is a strong and independent element on the current Board. The NC will, however, continue to review from time to time the Board's composition, size and structure and make recommendations to the Board on any adjustments that are deemed necessary as recommended under the 2012 Code.

In accordance with the Company's Constitution, each Director retires at least once every three years by rotation and all newly appointed Directors retire at the next Annual General Meeting following their appointments. The retiring Directors are eligible to offer themselves for re-election.

C O R P O R A T E G O V E R N A N C E



The NC has recommended the re-election of the following Directors who will be retiring pursuant to the Company's Constitution at the forthcoming Annual General Meeting, following a review of their performance and contributions, taking into account their attendance and participation at Board and Board Committee meetings:

- (i) Li Dajun, Non-Executive Director (retiring pursuant to Article 86)
- (ii) Tay Puan Siong, Chairman of Audit Committee, member of Nominating and Remuneration Committee (retiring pursuant to Article 87)
- (iii) Ong Kian Min, Chairman of Nominating and Remuneration Committee and member of Audit Committee (retiring pursuant to Article 87)

The relevant information on each of the above-named Directors is presented in the section entitled 'Board of Directors' of the Annual Report.

The Board has accepted the NC's recommendation and accordingly, the above-named Directors will be offering themselves for re-election.

(iii) **Remuneration Committee ("RC")**

The RC, regulated by a set of written terms of reference, comprises three members, a majority of whom are Independent Non-Executive Directors.

The members of the RC as at the date of this report are:

Ong Kian Min, Chairman
Qin Hengde
Tay Puan Siong

The RC reviews and recommends to the Board:

- the remuneration packages of each Director and senior executives of the Group;
- Directors' fees for Independent Non-Executive Directors and Non-Executive Directors subject to shareholders' approval at the Annual General Meeting; and
- service contracts and terms of employment of the Executive Director(s) and senior executives of the Group.

The RC also has access to external professional advice on remuneration matters, if required.

In determining the Group's remuneration policy, the RC from time to time seeks advice from external consultants who are unrelated to the Directors or any organisation that they are associated with, as well as confidentially from selected senior executives at its discretion.

The RC has recommended to the Board an amount of up to S\$455,000 as Directors' fees for the year ending 31 December 2016 to be paid in arrears. The Board will table this recommendation at the forthcoming Annual General Meeting for shareholders' approval.

Directors' fees payable to the Independent Non-Executive Directors and Non-Executive Directors are set in accordance within a remuneration framework and in consideration of the contribution, effort, time incurred and responsibilities of the Independent Non-Executive Directors and Non- Executive Directors.

The remuneration for the Executive Directors and senior executives comprise a basic salary plus any other fixed allowances and an annual performance bonus which is tied to the Group's performance and individual performance. The Executive Directors do not receive Directors' fees.

C O R P O R A T E G O V E R N A N C E



Directors' Remuneration

Breakdown (in percentage terms) of the remuneration paid for FY2015 is set out below:

	Fees (%)	Salary (%)	Bonus (%)	Benefits (%)	Others (%)	Total (%)
Name						
<u>S\$500,000 to S\$750,000</u>						
Mou Xiangfeng	-	95.34	-	4.66	-	100
<u>S\$250,000 to S\$500,000</u>						
Li Xuetao*	-	100	-	-	-	100
<u>Below S\$250,000</u>						
Qin Hengde	100	-	-	-	-	100
Ong Kian Min	100	-	-	-	-	100
Tay Puan Siong	100	-	-	-	-	100
Jeffrey Gondobintoro	100	-	-	-	-	100
Zhang Zenggen **	100	-	-	-	-	100
Yao Xingliang***	27	73	-	-	-	100

Note:

* Li Xuetao was appointed as a Director and the CEO on 1 March 2015.

** Zhang Zenggen resigned as a Director and Non-Executive Chairman on 23 January 2015.

*** Yao Xingliang ceased to be an Executive Director and Chief Executive Officer and was re-designated as Non-Executive Director on 1 March 2015. He resigned as a Non-Executive Director on 2 November 2015.

The existing service agreement for each of the Executive Directors is for a period of 3 years respectively. Each service agreement provides for termination by the Executive Directors or the Company upon giving not less than 3 months' notice in writing.

C O R P O R A T E G O V E R N A N C E



Employees' Remuneration

Breakdown (in percentage terms) of the annual remuneration paid to each of the top five executives (who are not Directors of the Company) for FY2015 is set out below:

	Salary (%)*	Bonus (%)	Benefits (%)	Others (%)	Total (%)
Name					
<u>S\$250,000 to below S\$500,000</u>					
Gu Linmin	90.3	-	-	9.7	100
Ma Deyou	100	-	-	-	100
Ni Yongbing	100	-	-	-	100
Wang Gee Hock	100	-	-	-	100
Bambang Aria Wisena	89	-	-	11	100

Note:

* Annual Wage Supplement earned for the year ended 31 December 2015 is included in salary.

In view of the sensitive and confidential nature of remuneration matters, the annual remuneration paid to each Director and each of the top five key management personnel (who are not Directors or the CEO) for financial year ended 31 December 2015 has been disclosed in bands of \$250,000.

In addition, the Board had decided not to disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) as the Board believes that such disclosure would pose a disadvantage to the Group's business.

There were no employees in the Company or the Group who are related to a Director or the CEO and whose remuneration exceeded S\$50,000 during the financial year under review.

The Company has in place a Performance Share Plan ("Share Plan") administered by the RC. Information on the Share Plan is set out in the Directors' Report. No grants of awards have been made under the Share Plan during the financial year under review.

All the Executive Directors, Non-Executive Directors (including Independent Directors) and employees of the Group are eligible to participate in the Share Plan. Selected Directors and employees of the Company's intermediate holding company, Sinochem International (Overseas) Pte. Ltd., and its ultimate parent company, Sinochem International Corporation and its subsidiaries are also eligible to participate in the Share Plan.

C O R P O R A T E G O V E R N A N C E



(iv) **Strategy and Investment Committee (“SIC”)**

The SIC’s key functions are to review and evaluate proposed investments and divestments as well as mergers and acquisitions of the Group.

The SIC, regulated by a set of written terms of reference, comprises the following members as at the date of this report:

Qin Hengde, Chairman
Li Xuetao
Mou Xiangfeng

2. INTERNAL AUDIT (“IA”), RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has in place a robust and effective system of internal controls addressing financial, operational, compliance and information technology risks, inter alia, to safeguard shareholders’ interests and the Group’s assets and businesses and also to manage risks.

The Group has in place an IA function which reports primarily to the Chairman of the AC and is staffed with persons with relevant qualifications and experience. The internal audit team has adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC, on an annual basis, assesses the effectiveness of the IA function by examining the scope of the IA work, the independence of areas reviewed and the IA reports on the state of the Group’s internal controls.

The internal auditors perform detailed work to assist the AC in the evaluation of the Group’s financial, operational, compliance and information technology controls based on internal audit plan approved by the AC. Any material non-compliance or weaknesses in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of actions taken by Management on the recommendations made by the internal auditors in this respect.

The AC is satisfied that the IA function is adequately resourced and has the appropriate standing within the Company to undertake its activities independently and objectively.

The Group also has an internal controls structure which consists of the policies and procedures which were established and implemented to provide reasonable assurance that the Group’s business objectives would be achieved. These measures extend beyond accounting and finance functions and address all activities of the Group, including activities related to plantation, processing, sales and marketing. The Management strives to provide clear and consistent policy guidelines concerning all areas of risk and ensures that these are communicated down to line managers to ensure an understanding of best risk practices.

The Company has an independent risk management function and has established a risk management framework. The Company’s risk management overview is set out on page 25, together with the main risks arising from the Group’s operations. The Notes to the Financial Statements also provide some details thereon. Risks are proactively identified and closely monitored by Management, duly considered by the Audit Committee and reported to the Board as a whole.

The Board recognises that no cost effective internal control systems and processes will preclude all errors and irregularities, as systems and processes are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable but not absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

C O R P O R A T E G O V E R N A N C E



The Board has obtained a written confirmation from the CEO and the Chief Financial Officer:

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

Based on the work performed by the internal auditors, the risk management and internal controls systems established and implemented by Management as well as the regular reviews undertaken by the various Board Committees, the Board, with the concurrence of the AC, is of the opinion that the internal controls addressing the financial, operational, compliance and information technology risks of the Company are adequate to meet the needs of the Group in its current business environment.

The Board will, on a continuing basis, endeavour to further enhance and improve the Company's risk management and internal control systems.

3. COMMUNICATION WITH SHAREHOLDERS

In line with continuous disclosure obligations, the Company is committed to regular and proactive communication with its shareholders. It is the Board's policy that shareholders be informed of all major developments within the Group.

Information is communicated to the shareholders on a timely basis through:

- (a) announcements and press releases made via SGXNET on major developments of the Group;
- (b) financial statements containing a summary of the financial information and affairs of the Group for the respective quarters and full-year which are released via SGXNET;
- (c) annual reports that are sent to all shareholders; and
- (d) notices of and explanatory notes for Annual General Meetings and Extraordinary General Meetings.

The Company releases information in a fair and transparent manner. All announcements, press releases, material information and analysts and media briefing materials are made available on the SGXNET and on the Company's website www.gmg.sg for the information of shareholders. The website, which is an important avenue of information for investors also contains other investor-related information on the Company and is regularly updated.

At General Meetings, shareholders are given opportunities to communicate their views on matters pertaining to the Group and to participate effectively and to vote thereat. Issues seeking approval of shareholders, if any, are usually tabled as separate resolutions at General Meetings.

The Chairman of the Board and the Chairpersons of the AC, RC and NC as well as the external auditors, or members of the respective committees standing in for them, are present at each Annual General Meeting and other General Meetings held by the Company, if any, to address any queries raised by shareholders. Senior management members are also present at General Meetings to assist the Board in addressing financial and operational questions from shareholders.

The Company has a team of investors' relations ("IR") personnel who focuses on facilitating communications with and by all shareholders and other stakeholders as well as analysts and the media. To enable ease of contact, the details of the IR personnel are set out in this Annual Report and also on the Company's website.

Briefings for analysts and investors are held in conjunction with the release of the Company's results. The CEO and CFO were present to conduct such briefings and to respond to relevant questions. As and when necessary, the CEO would also meet or participate in teleconferences with analysts, fund managers and local and foreign

C O R P O R A T E G O V E R N A N C E



investors who wish to have a better understanding of the Group's businesses and operations. The Company solicits feedback and comments from the community on a range of issues which could provide insights to the Board on the view of the investment community.

The Company's normal dividend policy is to target a dividend payout of 25% of our net profit attributable to shareholders, barring unforeseen circumstances. The Board's policy is to recommend dividends consistent with the Company's overall governing objective of maximising shareholder value over time. Dividend payments are affected by matters such as the level of future earnings, results of expected financial performance, projected levels of capital expenditure, available cash, plans for expansion, general business conditions and other factors, including such legal or contractual restrictions as may apply from time to time or which the Directors may consider appropriate in the interest of the Company. The Directors will consider all these factors before proposing any dividends.

The Company may, by ordinary resolution of Shareholders at a general meeting, declare dividends, but the amount of such dividends shall not exceed the amount recommended by the Directors. The Directors may also declare an interim dividend without seeking shareholders' approval. All dividends were distributed as tax-exempt dividends in accordance with Section 13B of the Income Tax Act.

Potential investors should note that this statement is a statement of the Company's present intention and shall not constitute a legally binding commitment in respect of future dividends and dividend payout ratio which may be subject to modification (including reduction or non-declaration thereof) in the Directors' sole and absolute discretion.

4. SECURITIES TRANSACTIONS

The Company has adopted an internal code governing dealings in securities by Directors and officers of the Company and its subsidiaries. Directors and officers of the Company and its subsidiaries are required to comply with the code.

Directors and officers of the Company and its subsidiaries have been informed not to deal in the Company's securities at all times whilst in possession of unpublished price sensitive information and during the periods commencing at least two weeks and one month before the announcement of the Company's results for the three quarters and full-year respectively and ending on the day of the announcement of the relevant results.

Directors and officers are also encouraged not to deal in the Company's securities on short-term considerations.

C O R P O R A T E G O V E R N A N C E



5. INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy governing procedures for the identification, approval and monitoring of interested person transactions.

All interested person transactions are subject to review by the AC in accordance with the terms of the Mandate approved by the shareholders in the last AGM.

Details of interested person transactions for FY2015 including transactions undertaken pursuant to the shareholders' general mandate under Rule 920 of the Listing Manual of the SGX-ST are as follows:

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)
	12 months ended 31/12/2015	12 months ended 31/12/2015
<u>Sinochem Group</u>	S\$'000	S\$'000
<u>(A) Sinochem International (Overseas) Pte Ltd</u>		
Sale of Goods	–	193,188
<u>(B) Sinochem Plastics Co., Ltd</u>		
Sale of Goods	–	524
<u>(C) Euroma Rubber Ind. Sdn Bhd</u>		
Sale of Goods	–	3,498
<u>PT Asuransi Rama Satria Wibawa</u>		
Insurance expense	64	–

6. MATERIAL CONTRACTS

Except for the service agreements entered into with the Executive Directors and the interested person transactions conducted under the general mandate given by shareholders, there were no material contracts during the financial year under review as required to be reported under Rule 1207(8).

DIRECTORS' STATEMENT



The directors present their report together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 31 December 2015.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 47 to 140 are drawn up so as to give a true and fair view of the financial position of the group and the company as at 31 December 2015, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Qin Hengde	
Li Xuetao	(Appointed on 1 March 2015)
Mou Xiangfeng	
Tay Puan Siong	
Ong Kian Min	
Jeffrey Gondobintoro	
Li Dajun	(Appointed on 4 March 2016)

2 CORPORATE GOVERNANCE

The company is committed to maintaining a high standard of corporate governance within the group. Good corporate governance establishes and maintains a legal and ethical environment in the group which strives to preserve the interests of all stakeholders.

3 BOARD OF DIRECTORS

The Board oversees the business affairs of the group, approves the financial objectives and the strategies to be implemented by management and monitors standards of performance and issues of policy, both directly and through its committees.

The Board comprises 7 directors, 2 of whom hold executive positions:

Executive Directors:

Li Xuetao	(Chief Executive Officer)
Mou Xiangfeng	

Non-Executive Directors:

Qin Hengde	(Non-Executive Chairman)
Tay Puan Siong	
Ong Kian Min	
Jeffrey Gondobintoro	
Li Dajun	

DIRECTORS' STATEMENT



3 BOARD OF DIRECTORS (CONT'D)

The Board meets at least five times annually as and when deemed appropriate. The Board approves the group's strategic plans, key business initiatives, major investments and funding decisions; it reviews the group's financial performance and evaluates the performance and determines the compensation of senior management. These functions are carried out by the Board directly or through committees of the Board which have been set up to support its work.

4 SECURITIES TRANSACTIONS

The group has issued a Policy on Share Dealings to all employees of the group, setting out the implications of insider trading and the recommendations by the Singapore Exchange Securities Trading Limited. The group has adopted a code of conduct to provide guidance to its officers with regards to dealing in the company's shares.

5 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate. The company has in place a Share Performance Plan where the directors are eligible to participate. The Share Performance Plan has not been put into effect and no grants of awards have been made during the year.

6 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and company in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
GMG Global Ltd <i>(Ordinary shares)</i>				
Jeffrey Gondobintoro	6,853,550	685,355	905,641,902	90,564,189
Ong Kian Min	4,000,000	400,000	—	—
Tay Puan Siong	4,000,000	400,000	—	—

By virtue of Section 7 of the Singapore Companies Act, Mr Jeffrey Gondobintoro, Mr Ong Kian Min and Mr Tay Puan Siong are deemed to have interest in the ordinary shares of all the subsidiaries held by the company.

The directors' interests in the shares of the company as at 21 January 2016 were the same as at 31 December 2015.

DIRECTORS' STATEMENT



7 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted.

(b) Options exercised

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

8 AUDIT COMMITTEE

The Audit Committee of the company is chaired by Mr Tay Puan Siong, an independent non-executive director, and includes Mr Ong Kian Min, also an independent non-executive director, and Mr Qin Hengde, a non-executive director. The Audit Committee has met five times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the company:

- a) the audit plans of the internal and external auditors and results of the internal auditors' examination and evaluation of the group's systems of internal accounting controls;
- b) the group's financial and operating results and accounting policies;
- c) the statement of financial position and statement of changes in equity of the company and the consolidated financial statements of the group before their submission to the directors of the company and external auditors' report on those financial statements;
- d) the quarterly and annual announcements as well as the related press releases on the results and financial position of the company and the group;
- e) the co-operation and assistance given by the management to the group's external auditors; and
- f) the re-appointment of the external auditors of the group.

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

DIRECTORS' STATEMENT



9 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

.....
Qin Hengde

.....
Li Xuetao

22 March 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GMG GLOBAL LTD



REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of GMG Global Ltd (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 140.

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 (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.

AUDITORS' RESPONSIBILITY

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GMG GLOBAL LTD



OPINION

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Tsia Chee Wah
Partner
Appointed on 29 April 2013

22 March 2016

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2015



	Note	2015 \$'000	Group 2014 \$'000 (Restated)	2013 \$'000 (Restated)	Company 2015 \$'000	2014 \$'000
ASSETS						
Current assets						
Cash and cash equivalents	7	40,198	41,161	69,664	1,490	1,372
Pledged fixed deposits	7	4,563	7,589	7,289	–	–
Trade receivables	8	32,798	60,374	73,061	–	–
Other receivables	9	69,368	62,437	67,349	140,365	138,673
Current portion of loan receivables	20	5,413	5,624	83	8,357	5,624
Derivative financial instruments	10	149	3,824	1,867	149	3,774
Consumable biological assets	11	159	160	502	–	–
Inventories	12	79,195	98,376	151,499	–	–
Total current assets		231,843	279,545	371,314	150,361	149,443
Non-current assets						
Investment in subsidiaries	13	–	–	–	355,135	356,896
Investments in associates	14	299,480	306,913	329,914	317,480	317,480
Available-for-sale investments	15	232	244	235	–	–
Plantation assets	16	328,002	291,025	276,013	–	–
Property, plant and equipment	17	117,648	122,897	109,221	2,991	4,153
Investment properties	18	15,229	16,514	14,880	–	–
Club membership		555	640	640	555	640
Goodwill	19	11,124	11,464	11,694	–	–
Loan receivables	20	4,716	4,900	5,367	11,789	14,992
Deferred tax assets	26	6,884	4,670	5,090	–	–
Total non-current assets		783,870	759,267	753,054	687,950	694,161
Total assets		1,015,713	1,038,812	1,124,368	838,311	843,604

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2015



	Note	2015 \$'000	Group 2014 \$'000 (Restated)	2013 \$'000 (Restated)	Company 2015 \$'000	2014 \$'000
LIABILITIES AND EQUITY						
Current liabilities						
Short-term loans	21	133,880	100,028	105,942	19,575	13,189
Trade payables	22	23,340	24,122	36,889	–	–
Other payables	23	21,378	53,979	47,462	193,608	210,241
Current portion of long-term loans	24	2,011	2,913	2,928	–	–
Current portion of finance leases	25	105	179	194	38	80
Derivative financial instruments	10	790	6,500	1,788	428	4,773
Income tax payable		2,072	1,702	2,047	6	6
Total current liabilities		183,576	189,423	197,250	213,655	228,289
Non-current liabilities						
Long-term loans	24	74,433	42,622	16,203	–	–
Finance leases	25	76	278	451	63	214
Deferred tax liabilities	26	9,165	9,311	9,677	2,139	2,139
Total non-current liabilities		83,674	52,211	26,331	2,202	2,353
Capital and reserves and non-controlling interests						
Share capital	27	611,330	611,330	611,330	611,330	611,330
Treasury shares	28	(1,995)	(1,995)	(1,995)	(1,995)	(1,995)
Capital reserves	29	5,374	9,238	9,238	–	–
Currency translation reserve		(86,711)	(66,413)	(25,669)	–	–
Retained earnings		187,596	205,892	254,133	13,119	3,627
Equity attributable to owners of the company		715,594	758,052	847,037	622,454	612,962
Non-controlling interests		32,869	39,126	53,750	–	–
Total equity		748,463	797,178	900,787	622,454	612,962
Total liabilities and equity		1,015,713	1,038,812	1,124,368	838,311	843,604

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015



	Note	2015 \$'000	Group 2014 \$'000 (Restated)
Revenue	30	646,959	806,303
Cost of sales		(585,599)	(755,044)
Gross profit		61,360	51,259
Other income	31	2,621	4,556
Distribution costs		(25,198)	(27,107)
Administrative expenses		(45,725)	(51,541)
Other operating costs		(11,162)	(20,242)
Share of profit (loss) of associates	14	3,067	(5,238)
Finance costs	32	(5,054)	(4,259)
Loss before tax		(20,091)	(52,572)
Income tax expense	33	(2,500)	(1,770)
Loss for the year	34	(22,591)	(54,342)
Attributable to:			
Owners of the company		(18,296)	(40,581)
Non-controlling interests		(4,295)	(13,761)
		(22,591)	(54,342)
Earnings per ordinary share (cents)			
– Basic and fully diluted	35	(2.39)	(5.30)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015



	Note	Group 2015 \$'000	2014 \$'000
Loss for the year	34	(22,591)	(54,342)
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain for employee benefit obligation		26	–
		26	–
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(19,883)	(38,440)
Share of associates' other comprehensive income		(1,311)	(4,571)
Other comprehensive loss for the year, net of tax		(21,194)	(43,011)
Total comprehensive loss for the year		(43,759)	(97,353)
Total comprehensive loss attributable to:			
Owners of the company		(38,580)	(81,325)
Non-controlling interests		(5,179)	(16,028)
		(43,759)	(97,353)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015



	Share capital \$'000	Treasury shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Attributable to owners of the company \$'000	Non-controlling interests \$'000	Total \$'000
Group								
Balance at 1 January 2014 (as previously stated)	611,330	(1,995)	9,238	(25,669)	244,570	837,474	52,739	890,213
Effects of adopting amendments to FRS 41	-	-	-	-	9,563	9,563	1,011	10,574
Balance at 1 January 2014 (as restated)	611,330	(1,995)	9,238	(25,669)	254,133	847,037	53,750	900,787
Total comprehensive loss for the year:								
Loss for the year (as previously stated)	-	-	-	-	(35,062)	(35,062)	(13,184)	(48,246)
Effects of adopting amendments to FRS 41	-	-	-	-	(5,519)	(5,519)	(577)	(6,096)
Loss for the year (as restated)	-	-	-	-	(40,581)	(40,581)	(13,761)	(54,342)
Other comprehensive loss	-	-	-	(40,744)	-	(40,744)	(2,267)	(43,011)
Total (as restated)	-	-	-	(40,744)	(40,581)	(81,325)	(16,028)	(97,353)
Transactions with owners, recognised directly in equity:								
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	(7,660)	(7,660)	(1,251)	(8,911)
Issue of shares to non-controlling interests of subsidiaries	-	-	-	-	-	-	2,655	2,655
Total	-	-	-	-	(7,660)	(7,660)	1,404	(6,256)
Balance at 31 December 2014 (as restated)	611,330	(1,995)	9,238	(66,413)	205,892	758,052	39,126	797,178

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015



	Share capital \$'000	Treasury shares \$'000	Capital reserves \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Attributable to owners of the company \$'000	Non-controlling interests \$'000	Total \$'000
Group								
Balance at 1 January 2015 (as restated)	611,330	(1,995)	9,238	(66,413)	205,892	758,052	39,126	797,178
Total comprehensive loss for the year:								
Loss for the year	-	-	-	-	(18,296)	(18,296)	(4,295)	(22,591)
Other comprehensive loss	-	-	14	(20,298)	-	(20,284)	(884)	(21,168)
Total	-	-	14	(20,298)	(18,296)	(38,580)	(5,179)	(43,759)
Transactions with owners, recognised directly in equity:								
Effect of acquisition of non-controlling interest in a subsidiary of an associate (Note 29)	-	-	(3,878)	-	-	(3,878)	-	(3,878)
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	(1,078)	(1,078)
Total	-	-	(3,878)	-	-	(3,878)	(1,078)	(4,956)
Balance at 31 December 2015	611,330	(1,995)	5,374	(86,711)	187,596	715,594	32,869	748,463

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015



	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total \$'000
<u>Company</u>				
Balance at 1 January 2014	611,330	(1,995)	12,206	621,541
Loss for the year, representing total comprehensive loss for the year	–	–	(919)	(919)
Dividend paid (Note 39)	–	–	(7,660)	(7,660)
Balance at 31 December 2014	611,330	(1,995)	3,627	612,962
Profit for the year, representing total comprehensive income for the year	–	–	9,492	9,492
Balance at 31 December 2015	611,330	(1,995)	13,119	622,454

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015



	Group 2015 \$'000	2014 \$'000 (Restated)
Operating activities		
Loss before tax	(20,091)	(52,572)
Adjustments for:		
Depreciation of property, plant and equipment	15,372	14,695
Depreciation of plantation assets	2,611	3,105
Depreciation of investment properties	278	571
Gain on disposal of property, plant and equipment	(158)	(68)
Impairment loss on plantation assets	–	4,350
Loss on disposal of investment properties	266	–
Interest expense	5,054	4,259
Allowance for inventories	511	272
Inventories written off	2,165	4,786
Impairment of club memberships	85	–
Property, plant and equipment written off	445	18
Interest income	(1,233)	(1,378)
Allowance for doubtful trade and other receivables	2,595	5,235
Net unrealised fair value gain on financial derivatives	697	2,649
Fair value loss on biological assets	564	4,417
Share of (profit) loss of associates	(3,067)	5,238
Operating cash flows before movements in working capital	6,094	(4,423)
Trade receivables	26,923	12,112
Other receivables	(11,201)	(4,435)
Inventories	12,214	42,676
Trade payables	(2,318)	(12,233)
Other payables	(27,191)	4,732
Cash generated from operations	4,521	38,429
Interest paid	(6,234)	(3,037)
Interest received	1,233	1,378
Income tax paid	(4,036)	(2,308)
Net cash (used in) from operating activities	(4,516)	34,462
Investing activities		
Proceeds on disposal of property, plant and equipment	736	674
Proceeds on disposal of investment property	247	–
Purchase of plantation assets	(42,847)	(35,271)
Purchase of property, plant and equipment	(16,697)	(32,127)
Loan to an associate	–	(5,815)
Net cash used in investing activities	(58,561)	(72,539)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015



	Group 2015 \$'000	2014 \$'000 (Restated)
Financing activities		
Dividends paid	–	(7,660)
Dividends paid to non-controlling interest of a subsidiary	(1,078)	(1,251)
Proceeds from long-term bank loans	35,370	30,625
Repayment of long-term bank loans	(2,804)	(4,221)
Proceeds from short-term loans	119,317	151,036
Repayment of short-term loans	(92,632)	(156,950)
Repayment of finance leases	(270)	(200)
Capital contribution by non-controlling interests	–	2,655
Movements in fixed deposits	3,026	(300)
Net cash from financing activities	60,929	13,734
Net decrease in cash and cash equivalents	(2,148)	(24,343)
Cash and cash equivalents at beginning of the year	41,161	69,664
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	1,185	(4,160)
Cash and cash equivalents at the end of the year (Note A)	40,198	41,161

Notes to Consolidated Statement of Cash Flows

A. Cash and cash equivalents consist of:

	2015 \$'000	2014 \$'000
Cash and bank balances	38,445	35,027
Fixed deposits *	1,753	11,730
Less: Bank overdrafts	–	(5,596)
	40,198	41,161

* Excluding fixed deposits pledged of \$4,563,000 (2014 : \$7,589,000).

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



1 GENERAL

The company (Registration No. 199904244E) is incorporated in Singapore with its principal place of business and registered office at 8 Marina View, #34-05, Asia Square Tower 1, Singapore 018960. The company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the company is that of an investment holding company.

The principal activities of the subsidiaries and associates are disclosed in Notes 13 and 14 to the financial statements, respectively.

The consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the year ended 31 December 2015 were authorised for issue by the Board of Directors on 22 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2015, the group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective for annual periods from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group’s and company’s accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

The group has elected to early adopt the Amendments to FRS 16 *Properties, Plant and Equipment* and FRS 41 *Agriculture : Bearer Plants* (the “Amendments”) for the period beginning 1 January 2015. The Amendments define a bearer plant and require a biological asset that meets the definition of a bearer plant to be accounted for as property, plant and equipment in accordance to FRS 16, instead of FRS 41. Management believes that the Amendments reflect more accurately the valuation of the group’s plantation assets.

The accounting policies were changed retrospectively and the comparative figures are restated to comply with the Amendments (Note 40). As at 1 January 2015, management has reviewed and assessed the group’s existing plantation assets. The initial application of the Amendments has the following impact to the financial statements:

- Management has recognised the consumable biological assets for the unharvested agricultural produce which represents the produce on the bearer plants. Management has estimated the consumable biological assets at its fair value less costs to sell as at the end of the reporting period.
- The produce harvested from the bearer biological asset is recognised and measured at the fair value less costs to sell at the point of harvest, which is taken to be the cost of inventory under FRS 2 *Inventories*.
- The fair value gain or loss on the consumable biological assets between each reporting period is recognised in the profit or loss.

At the date of authorisation of these financial statements, the following amendments to FRS that are relevant to the group and the company were issued but not effective:

- FRS 109 *Financial Instruments* ⁽³⁾
- FRS 115 *Revenue from Contracts with Customers* ⁽³⁾
- Amendments to FRS 7: *Disclosures Initiative* ⁽²⁾
- Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses* ⁽²⁾
- Amendments to FRS 110 *Consolidated Financial Statements and Amendments to FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* ⁽⁴⁾
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* ⁽¹⁾
- Improvements to Financial Reporting Standards (November 2014) ⁽¹⁾

⁽¹⁾ Applies to annual periods beginning on or after 1 January 2016, with early application permitted.

⁽²⁾ Applies to annual periods beginning on or after 1 January 2017, with early application permitted.

⁽³⁾ Applies to annual periods beginning on or after 1 January 2018, with early application permitted.

⁽⁴⁾ Mandatory effective date of the Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council in December 2015.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management anticipates that the adoption of the FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption, except as follows:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) general hedge accounting, and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management anticipates that the initial application of the new FRS 109 will result in changes in the accounting policies relating to the recognition and measurement of its financial assets and liabilities, such as the available-for-sale investments and receivables. Additional disclosures will also be made with respect to the business model on its investments and expected credit loss model. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the group's financial statements in the period of initial application as management has yet to complete its detailed assessment.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may result in changes in the accounting policies relating to the recognition, measurement and disclosures of its revenue. Management is currently evaluating the impact of the changes in the period of initial adoption and is impracticable to disclose any further information on the known or reasonably estimable impact to the group's financial statements in the period of initial application as management has yet to complete its detailed assessment.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

The accounting policy for initial measurement of non-controlling interests is described above.

The policy described above is applied to all business combinations that take place on or after 1 January 2010.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Effective interest method

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

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract where terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 2 and 4 to the financial statements.

Loans and receivables

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

Available-for-sale financial assets

Certain shares held by the group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Where reliable fair value estimates are not available, these investments are stated at cost less any impairment losses. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established.

Impairment of financial assets

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

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

In respect of available-for-sale financial assets, any subsequent increase in fair value after an impairment loss, is recognised in other comprehensive income.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities “at fair value through profit or loss” or other financial liabilities.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Notes 2 and 4 to the financial statements.

Other financial liabilities

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

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

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments and hedge accounting

The group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk and commodity price risk, including forward foreign exchange contracts and forward commodity (natural rubber) contracts. Details of derivative financial instruments are disclosed in Note 10 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The group did not designate derivatives as hedges of highly probable forecast transactions (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

STATUTORY RESERVES - Certain subsidiaries are required by laws established in their respective countries of incorporation to set aside certain percentage of its annual profit after tax as legal reserve until the accumulated reserve has reached a certain percentage of the subsidiary's paid-up capital.

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

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials which includes the fair value less costs to sell of the agricultural produce at the point of harvest and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PLANTATION ASSETS - Plantation assets comprise freehold land, leasehold land, land use rights, mature rubber tree plantations and plantation establishment costs, which are measured at cost less any accumulated depreciation and any impairment losses.

Plantation leasehold land is depreciated at 1.5% per annum over the lease period. Plantation establishment costs, consisting of costs directly incurred during the period of plantation development, are not depreciated. The establishment costs will be transferred to plantation assets and will be subject to depreciation upon commencement of rubber tapping activities. No depreciation is provided on the land use rights as management is of the opinion that the land use rights effectively have a perpetual life (Note 16). Freehold land is not depreciated.

Mature rubber tree plantations are measured at cost less any accumulated depreciation and any impairment losses. Depreciation of rubber tree plantations that are in production is provided at the rate of 4.0% per annum over the expected period of rubber tapping activities of 25 years.

CONSUMABLE BIOLOGICAL ASSETS - Consumable biological assets, which represents the unharvested agricultural produce growing on the bearer plant, are carried at fair value less costs to sell and is categorised under level 3 of the fair value hierarchy as defined under FRS113 *Fair Value Measurement*. Any change in the fair value of the consumable biological assets is recognised in profit or loss.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets other than freehold land and construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold buildings	–	3% to 20%
Leasehold improvements	–	10%
Office equipment, furniture and fittings	–	10% to 100%
Plant, machinery and equipment	–	5% to 33 $\frac{1}{3}$ %
Motor vehicles	–	20% to 33 $\frac{1}{3}$ %
Computers	–	20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Construction in progress, which represents property, plant and equipment in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing cost capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other items of property, plant and equipment, commences when the assets are ready for their intended use.

INVESTMENT PROPERTIES - Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs. The investment properties are subsequently carried at cost less accumulated depreciation and any impairment losses. Freehold land is not depreciated. Buildings are depreciated on a straight line basis to write off the cost over their estimated useful lives at annual rate of 3% to 20%.

The gain or loss arising on disposal or retirement of an item of investment properties is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

CLUB MEMBERSHIP - Club memberships with indefinite useful lives ("life membership") are not amortised. They are stated at cost less any impairment in net recoverable amount.

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

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

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

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ASSOCIATES - An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the group reduces its ownership interest in an associate but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

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 the group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Service income

Service income such as training fees and marketing fees is recognised when services have been rendered.

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

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

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as Singapore Central Provident Fund and state schemes where the group's operations are located, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined based on the present value of the potential obligation from independent actuarial valuation. The retirement benefit obligation recognised in the statement of financial position represents the net present value of the defined benefit obligation.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

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

NOTES TO FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) and subsidiaries whose financial statements are denominated in a functional currency other than that used by the company, are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash on hand, demand deposits and bank overdrafts that are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the group's accounting policies

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

Useful lives of land use rights

An amount of \$147 million was attributed to the land use rights on the 40,000 hectares plantation land granted by State of Cameroon in December 1996 for a period of 50 years plus 50 years on a renewable basis. Management is of the view that the right to use the plantation land is on a perpetual basis and accordingly, there is no need for depreciation of the land use rights. The land use rights is included in the carrying amount of plantation assets for the group at the end of the reporting period and is disclosed in Note 16 to the financial statements.

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.

NOTES TO FINANCIAL STATEMENTS

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Fair value of consumable biological assets

The group estimates the fair value less costs to sell of the consumable biological assets through an estimation of the expected amount of unharvested rubber that is growing in the bearer plants as at the end of the reporting period. In determining the fair value, management considers the rubber prices, incremental costs to be incurred to sell the produce, the average rubber yield from its plantation and the tapping cycle adopted. Management considers the tapping activity to have a significant correlation to the consumable biological asset. Accordingly, the group assessed the fair value of consumable biological assets based on the regular tapping cycle adopted by the group for its plantations. The amount of changes in the fair value would be different if there are changes in the assumptions used. The carrying amount of the consumable biological assets is disclosed in Note 11 to the financial statements.

Impairment of plantation assets

The group assesses annually whether its plantation assets have any indication of impairment in accordance with its accounting policy. Such assessment is based on estimates of future rubber prices, exchange rates, operating expenses and sales orders and the appropriate discount rate to use. Management has assessed the carrying amount of plantation assets and made an allowance for impairment of plantation assets amounting to \$Nil (2014 : \$4,350,000). The carrying amount of plantation assets for the group at the end of the reporting period is disclosed in Note 16 to the financial statements.

Allowance for inventories

At the end of each reporting period, the group reviews the carrying amount of its inventories to ensure that they are stated at lower of cost or net realisable value. In assessing the net realisable value and making appropriate allowance, management identifies inventories that are slow-moving, considers their physical condition, the market condition and prices for similar items. The carrying amount of inventories at the end of the reporting period is disclosed in Note 12 to the financial statements.

Impairment of associates

The group assesses annually whether there is any indication of impairment for its investments in associates. If an indication of impairment is identified, value in use calculation requires the entity to estimate the future cash flows expected to rise from the cash-generating unit and a suitable discount rate in order to calculate present value. Management has assessed the carrying amount of investment in associates which has been disclosed in Note 14 to the financial statements.

Accrual for post-employment benefits

The accrual for post-employment benefits represents management's best estimate of the future outflow of economic benefits to the group. A subsidiary is required to pay its employees a sum of money upon retirement as stipulated in the collective agreement described in Note 37 to the financial statements. As at 31 December 2015, an accrual of \$2,101,000 (2014 : \$1,407,000) has been made by the group and included as part of other payables in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

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3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

The accrual for the post-employment benefits recognised in the statement of financial position represents the present value of the potential obligation based on an independent actuarial valuation. The bases used in the actuarial valuation were as follows:

- (a) All employees of the subsidiary and the details of their retirement and/or probable departure dates up to 2015 (2014 : 2014); and
- (b) Expected payments to retiring/terminated employees based on their existing salaries as at the end of the reporting period, adjusted for expected changes up to the probable dates of retirement/termination.

Impairment of property, plant and equipment

The group assesses annually whether its property, plant and equipment have any indication of impairment in accordance with its accounting policy. Such assessment is based on the value in use calculation to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Management has assessed the carrying amount of property, plant and equipment and is of the view that no impairment is required to be recognised. The carrying amount of property, plant and equipment at the end of the reporting period is disclosed in Note 17 to the financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Management has assessed the carrying amount of goodwill and is of the view that no impairment is required to be recognised. The carrying amount of goodwill at the end of the reporting period is disclosed in Note 19 to the financial statements.

Fair value measurements and valuation processes

The group's financial assets and liabilities and investment properties are measured at fair value for disclosure purposes. The board of directors of the company has set up a valuation committee, which is headed by the Chief Financial Officer of the company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where Level 1 and 2 inputs are not available, the group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 4, 10 and 18.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial assets				
Derivative financial instruments, designated as fair value through profit or loss (FVTPL)	149	3,824	149	3,774
Loan and receivables (including cash and cash equivalents)	108,523	140,107	161,887	160,537
Available-for-sale financial assets	232	244	–	–
Financial liabilities				
Derivative financial instruments, designated as fair value through profit or loss (FVTPL)	790	6,500	428	4,773
Liabilities at amortised cost	255,023	204,152	213,284	223,724

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(b) *Financial instruments subject to offsetting, enforceable master netting agreement and similar arrangements*

Group

2015

Financial assets

Type of financial asset	(a) Gross amounts of recognised financial assets \$'000	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position \$'000	(c) = (a) + (b) Net amounts of financial assets presented in the statement of financial position \$'000
Cash and cash equivalents	40,198	–	40,198

2014

Financial assets

Type of financial asset	(a) Gross amounts of recognised financial assets \$'000	(b) Gross amounts of recognised financial liabilities set off in the statement of financial position \$'000	(c) = (a) + (b) Net amounts of financial assets presented in the statement of financial position \$'000
Cash and cash equivalents	46,757	(5,596)	41,161

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives*

The group has documented risk management policies. These policies set out the group's overall business strategies and its risk management philosophy. The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. Risk management is carried out by the relevant risk officers under the policies approved by the Board of Directors.

The group's activities expose it to a variety of financial risks, including the effects of changes in world rubber prices, foreign currency exchange and interest rates. The group uses derivative financial instruments, such as forward foreign exchange contracts and forward commodity (natural rubber) contracts to reduce certain exposures. The group does not hold derivative financial instruments for speculative purposes.

The group maintains considerable financial resources and management has a reasonable expectation that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook and believes that the group has adequate resources to continue operational existence for the foreseeable future.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The group is exposed to foreign currency risk as a result of its transactions where the denominations differ from the functional currencies of the respective group entities.

The group transacts its business in various foreign currencies, including the United States dollar, Euro, Singapore dollar and Thai baht and is therefore exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
United States dollar	86,759	102,013	61,194	69,974	47,569	63,065	31,813	23,308
Euro	25,684	44,149	70,210	66,913	–	78	21,384	20,393
Singapore dollar	32,937	34,538	746	512	–	–	–	–
Thai baht	–	–	109,718	110,482	–	–	92,497	93,286

The group uses forward foreign exchange contracts to manage its exposure to foreign currency risk in the local functional currency.

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

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss and other equity will (decrease) increase by:

	United States dollar impact		Euro impact		Singapore dollar impact		Thai baht impact	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Profit or loss	2,363	3,025	(3,274)	(1,051)	492	676	(3,403)	(3,199)
Other equity	193	179	(1,179)	(1,225)	2,727	2,727	(7,569)	(7,849)

Company

Profit or loss	1,576	3,976	(2,138)⁽ⁱ⁾	(2,032) ⁽ⁱ⁾	–	–	(9,250)⁽ⁱ⁾	(9,329) ⁽ⁱ⁾
Other equity	–	–	–	–	–	–	–	–

If the relevant foreign currency strengthens by 10% against the functional currency of each group entity, the converse impact by the same amount on the profit or loss and other equity will be observed.

Note:

(i) This is mainly attributable to the exposure on loan and other receivables at the end of the reporting period in the company.

In management's opinion, the sensitivity analysis is representative of the year end foreign exchange risk exposure. However, it may not reflect the exposure during the year as the group enters into and settles foreign currency denominated transactions in the course of its business.

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(ii) Interest rate risk management

The primary source of the interest rate risk of the group relates to interest-bearing bank deposits, loan receivables, short-term loans, long-term loans and finance leases. Interest-bearing bank deposits are short-term in nature and with the current interest rate level, any variation in the interest rates will not have a material impact on the net income of the group. The interest rates on loan receivables, short-term loans, long-term loans and finance leases are disclosed in Notes 20, 21, 24 and 25 to the financial statements respectively.

The group's and the company's profit or loss and equity are not significantly affected by changes in market interest rates as the interest-bearing instruments mainly carry fixed interest and are measured at amortised cost.

(iii) Commodity price risk management

Commodity price risk is the risk that the fair value or future cash flows of the group's financial instrument will fluctuate because of changes in market prices. The group is exposed to commodity price risk due to certain factors, such as weather, government policy, level of demand and supply in the market and the global economic environment. Such exposure mainly arises from its sale of rubber where the profit margin on sale is affected by the fluctuations in world market rubber prices.

The group has forward commodity (natural rubber) contracts with several counterparties, the purpose of which are primarily to hedge its exposures on risks of losses arising from the fluctuations in the prices of the commodities that are produced and traded by the group.

The group's policy is to minimise the risks of its raw material costs arising from the fluctuations in the commodity prices through the purchase of rubber from the group's own plantations. To the extent it is unable to do so, the group may minimise such risks through forward contracts. The group also assesses for fair value change in its consumable biological assets based on commodity prices. As such, it may also be exposed to commodity price risk as changes in fair value of future commodity contracts and consumable biological assets are recognised directly in the consolidated statement of profit or loss and other comprehensive income.

At 31 December 2015 and 2014, had the commodity prices been 10% higher/lower with all other variables held constant, loss before tax for 2015 (2014 : loss before tax) would have been \$1,148,000 (2014 : \$1,787,000) lower/higher, mainly as a result of higher/lower quoted market prices of the open position forward commodity contracts and on the consumable biological assets.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

Concentration of credit risk exists when economic, industry or geographical factors similarly affect group counterparties whose aggregate credit exposure is significant in relation to the group's total credit exposure.

The group has significant concentration of credit risk from three (2014 : three) outside party customers amounting to \$10,387,000 (2014 : \$12,620,000) or 32% (2014 : 21%) of total trade receivables balance as at the end of the reporting period. The group also has significant concentration of credit risk from its immediate holding company amounting to \$4,036,000 (2014 : \$29,002,000) or 12% (2014 : 48%) of total trade receivables as at the end of the reporting period.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties have high credit ratings.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowance for losses, represents the group's maximum exposure to credit risk, without taking account of the value of any collateral obtained.

(v) Liquidity risk management

The group maintains sufficient cash and cash equivalents, available credit lines and internally generated funds to finance its activities.

As at 31 December 2015, the company's total current liabilities exceeded its total current assets by \$63,294,000 (2014 : \$78,846,000). Management is of the opinion that the liquidity risk is low as the company will be able to obtain cash flows from dividends or loans from its subsidiaries to enable it to pay its debts when they fall due.

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Group						
2015						
Non-interest-bearing	–	44,518	–	–	–	44,518
Finance lease liability (fixed rate)	3.3	115	86	–	(20)	181
Fixed interest rate instruments	4.9	136,823	32,531	80,878	(39,908)	210,324
		181,456	32,617	80,878	(39,928)	255,023
2014						
Non-interest-bearing	–	58,132	–	–	–	58,132
Finance lease liability (fixed rate)	3.3	201	312	–	(56)	457
Fixed interest rate instruments	4.9	103,667	15,197	52,522	(25,823)	145,563
		162,000	15,509	52,522	(25,879)	204,152

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Company						
2015						
Non-interest-bearing	–	193,608	–	–	–	193,608
Finance lease liability						
(fixed rate)	2	43	72	–	(14)	101
Fixed interest rate						
instruments	1.8	19,662	–	–	(87)	19,575
		<u>213,313</u>	<u>72</u>	<u>–</u>	<u>(101)</u>	<u>213,284</u>
2014						
Non-interest-bearing	–	210,241	–	–	–	210,241
Finance lease liability						
(fixed rate)	2	91	244	–	(41)	294
Fixed interest rate						
instruments	1.4	13,212	–	–	(23)	13,189
		<u>223,544</u>	<u>244</u>	<u>–</u>	<u>(64)</u>	<u>223,724</u>

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial assets (cont'd)

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Group						
2015						
Non-interest-bearing	–	92,078	–	–	–	92,078
Fixed interest rate instruments	3.5	11,060	825	5,422	(862)	16,445
		103,138	825	5,422	(862)	108,523
2014						
Non-interest-bearing	–	110,264	–	–	–	110,264
Fixed interest rate instruments	3.7	24,460	857	5,880	(1,354)	29,843
		134,724	857	5,880	(1,354)	140,107
Company						
2015						
Non-interest-bearing	–	38,303	–	–	–	38,303
Fixed interest rate instruments	4.8	120,011	3,239	16,040	(15,706)	123,584
		158,314	3,239	16,040	(15,706)	161,887
2014						
Non-interest-bearing	–	30,211	–	–	–	30,211
Fixed interest rate instruments	4.8	121,661	3,018	16,536	(10,889)	130,326
		151,872	3,018	16,536	(10,889)	160,537

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	On demand or within 1 year \$'000
<u>Group</u>	
2015	
Net settled:	
Forward foreign exchange contracts	(279)
Forward commodity (natural rubber) contracts	(362)
2014	
Net settled:	
Forward foreign exchange contracts	(1,465)
Forward commodity (natural rubber) contracts	(1,211)
<u>Company</u>	
2015	
Net settled:	
Forward foreign exchange contracts	(279)
2014	
Net settled:	
Forward foreign exchange contracts	(999)

NOTES TO FINANCIAL STATEMENTS

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(vi) Fair value of financial assets and financial liabilities

The group and company determine fair values of various financial assets and financial liabilities in the following manner:

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

Some of the group and company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

Group

Financial assets/ financial liabilities	Fair value as at (\$'000)				Fair Value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2015		2014					
	Assets	Liabilities	Assets	Liabilities				
Derivatives financial instruments (see Note 10)								
1) Forward foreign exchange contracts	149	(428)	3,824	(5,289)	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2) Forward Commodity (natural rubber) contracts security	–	(362)	–	(1,211)	Level 2	Discounted cash flows. Future cash flows are estimated based on future commodity prices (from observable future prices at the end of the reporting period) and contract future prices, discounted at a price that reflects the credit risk of various counterparties.	NA	NA
Available-for-sale investments (see Note 15)								
1) Quoted equity shares	36	–	41	–	Level 1	Quoted bid prices in an active market	NA	NA

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(c) *Financial risk management policies and objectives (cont'd)*

(vi) Fair value of financial assets and financial liabilities (cont'd)

Company

Financial assets/ financial liabilities	Fair value as at (\$'000)				Fair Value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2015		2014					
	Assets	Liabilities	Assets	Liabilities				
Derivatives financial instruments (see Note 10)								
1) Forward foreign exchange contracts	149	(428)	3,774	(4,773)	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

(d) *Capital risk management policies and objectives*

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Management has ensured that all externally imposed capital requirements are complied with.

The capital structure of the group consists of debt, which includes the borrowings, and equity attributable to owners of the parent, comprising share capital, reserves and retained earnings. One of the subsidiaries was subject to three financial covenants:

- (i) Consolidated Tangible Net Worth shall not at any time be less than a certain amount at all times;
- (ii) Interest Coverage shall not be less than 2:1; and
- (iii) Consolidated total debt shall not exceed than a certain percentage of the consolidated Tangible Net Worth at all times.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONT'D)

(d) *Capital risk management policies and objectives (cont'd)*

Covenant (ii) was breached in 2015 and 2014 as the subsidiary was in a net loss position, leading to an Interest Coverage ratio that is lower than required by the covenant. The subsidiary was granted a waiver for the breach in 2014 by the financial institution. All other externally imposed covenants were complied with. The loan amounting to \$56,620,000 was repaid subsequent to year end upon regular review of the group's capital structure.

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

The group's overall strategy remains unchanged from the prior year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The company is a subsidiary of Sinochem International (Overseas) Pte Ltd, incorporated in Singapore. The company's ultimate holding company is Sinochem International Corporation, incorporated in the People's Republic of China. Related companies refer to members of the ultimate holding company's group of companies.

Some of the group's transactions and arrangements are between members of the ultimate holding company's group of companies and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated.

Trading transactions

During the year, the group entered into the following trading transactions with related companies that are not members of the group:

	Sales of goods	
	2015	2014
	\$'000	\$'000
Sinochem International (Overseas) Pte Ltd	(193,188)	(320,524)
Sinochem Plastic Co. Ltd	(524)	(15,074)
Euroma Rubber Ind. Sdn. Bhd	(3,498)	(265)

No guarantees have been given or received on outstanding amounts. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related companies.

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6 OTHER RELATED PARTY TRANSACTIONS

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the year, the group entered into the following trading transactions and had balances with related parties that are not members of the group:

	Insurance expense			
	2015	2014		
	\$'000	\$'000		
Company related to a director of the company	64	139		
	Transport expense		Agency fee	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Companies related to directors of the subsidiaries	1,451	2,395	–	659
	Purchases of goods			
	2015	2014		
	\$'000	\$'000		
Associate	102,214	108,687		

The balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated. No guarantees have been given or received.

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2015	2014
	\$'000	\$'000
Short-term benefits	3,676	3,365
Post-employment benefits	58	17
	3,734	3,382

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

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7 CASH AND CASH EQUIVALENTS AND PLEDGED FIXED DEPOSITS

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash at banks	37,550	34,169	1,483	1,365
Cash on hand	895	858	7	7
Fixed deposits	6,316	19,319	–	–
Less: Bank overdrafts	–	(5,596)	–	–
Less: Pledged fixed deposits	(4,563)	(7,589)	–	–
Cash and cash equivalents	40,198	41,161	1,490	1,372

Cash and cash equivalents comprise cash held by the group and short-term bank deposits (excluding fixed deposits) with an original maturity of three months or less.

The group's fixed deposits amounting to \$1,753,000 (2014 : \$11,730,000) bear an average effective interest rate of 0.5% to 0.75% (2014 : 1.00% to 4.25%) per annum and for a tenure of 1 month (2014 : 1 month to 3 months). Management is of the view that the fixed deposits qualify as cash and cash equivalents as these can be withdrawn at any time without penalty and with insignificant changes in value.

The group's fixed deposits amounting to \$4,563,000 (2014 : \$7,589,000) have been pledged to the financial institution in respect of banking facilities provided to the subsidiaries. The fixed deposits bear an average effective interest rate of 0.85% to 2.35% (2014 : 1.10% to 5.50%) per annum and have a tenure of approximately 3 months to 3 years (2014 : 3 months to 3 years).

8 TRADE RECEIVABLES

	Group	
	2015	2014
	\$'000	\$'000
Immediate holding company (Note 5)	4,036	29,002
Related companies (Note 5)	1,445	4,281
Outside parties	27,944	27,743
	33,425	61,026
Less: Allowance for doubtful debts – outside parties	(627)	(652)
	32,798	60,374

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8 TRADE RECEIVABLES (CONT'D)

	Group	
	2015	2014
	\$'000	\$'000
Movement in the allowance for doubtful trade receivables:		
Balance at beginning of the year	652	110
Increase in allowance recognised in profit or loss	–	575
Exchange adjustment	(25)	(33)
Balance at end of the year	627	652

The average credit period on sale of goods is 30 days (2014 : 30 days). No interest is charged on the trade receivables.

The group has recognised allowance for doubtful debts against receivables over 12 months because historical experience is such that receivables that are past due beyond 12 months are generally not recoverable. No allowance has been made for the remaining past due receivables of \$2,052,000 (2014 : \$14,043,000) as there has not been a significant change in credit quality and the amounts are still considered recoverable. The group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was granted up to the end of the reporting period. Accordingly, management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

The table below is an analysis of trade receivables as at the end of reporting period:

	Group	
	2015	2014
	\$'000	\$'000
Not past due and not impaired	30,746	46,331
Past due and not impaired ⁽ⁱ⁾	2,052	14,043
Past due and impaired – individually assessed ⁽ⁱⁱ⁾	627	652
	33,425	61,026

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8 TRADE RECEIVABLES (CONT'D)

(i) Aging of receivables that are past due but not impaired:

	Group	
	2015 \$'000	2014 \$'000
< 3 months	1,110	13,104
3 months to 6 months	75	11
< 12 months	867	928
	2,052	14,043

(ii) These amounts are stated before any deduction for impairment losses.

The group has pledged trade receivables amounting to \$10,803,000 (2014 : \$24,249,000) to secure banking facilities granted to the group (Note 24).

9 OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Value added tax receivables	33,237	31,382	–	–
Sundry debtors	20,573	21,294	4,099	3,887
Staff advances	1,042	1,990	–	–
Prepayments	9,533	5,587	114	124
Deposits	6,096	2,722	17	31
Advance to suppliers	5,763	5,009	–	–
Amount due from associate	824	–	544	–
Subsidiaries (Note 13)	–	–	140,611	134,631
	77,068	67,984	145,385	138,673
Less: Allowance for doubtful sundry debtors	(7,700)	(5,547)	–	–
Allowance for doubtful receivables from subsidiaries	–	–	(5,020)	–
	69,368	62,437	140,365	138,673

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9 OTHER RECEIVABLES (CONT'D)

Movement in the allowance for doubtful sundry debtors:

	2015 \$'000	Group 2014 \$'000
Balance at beginning of the year	5,547	1,183
Charge to profit or loss	2,595	4,660
Exchange adjustment	(442)	(296)
Balance at end of the year	<u>7,700</u>	<u>5,547</u>

Movement in the allowance for doubtful receivable from subsidiaries:

	2015 \$'000	Company 2014 \$'000
Charge to profit or loss and balance at end of the year	<u>5,020</u>	—

Value added tax receivables in the respective tax jurisdiction of the subsidiaries are past due for 542 days (2014 : 177 days) but not impaired at the reporting date.

The allowance for doubtful sundry debtors is determined by reference to past default experiences.

Included in the group's other receivables balance are debts with a carrying amount of \$13,461,000 (2014 : \$6,086,000) which are past due at the reporting date for which the group has made an allowance for doubtful debt of \$7,700,000 (2014 : \$5,547,000). The group does not hold any collateral over these balances. On the average, these other receivables are past due for 613 days (2014 : 248 days).

The group has pledged other receivables amounting to \$33,438,000 (2014 : \$29,416,000) to secure banking facilities granted to the group (Note 24).

Included in the company's other receivables balance from subsidiaries amounting to \$108,365,000 (2014 : \$109,710,000) which are past due and at the reporting date for which the company has made an allowance for doubtful debt amounting to \$5,020,000 (2014: \$Nil). These amounts bear an interest rate of 4% to 6.5% (2014 : 4% to 6.5%) per annum. The remaining are interest free as disclosed in Note 13. The company has assessed the recoverability of the receivables based on a credit evaluation process performed by management.

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9 OTHER RECEIVABLES (CONT'D)

The table below is an analysis of sundry debtors as at the end of reporting period:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not past due and not impaired	7,112	10,639	4,099	3,887
Past due and not impaired ⁽ⁱ⁾	5,761	5,108	–	–
Past due and impaired – individually assessed ⁽ⁱⁱ⁾	7,700	5,547	–	–
	20,573	21,294	4,099	3,887

⁽ⁱ⁾ Aging of receivables that are past due but not impaired:

	Group	
	2015 \$'000	2014 \$'000
< 3 months	–	–
3 months to 12 months	–	5,108
> 12 months	5,761	–
	5,761	5,108

⁽ⁱⁱ⁾ These amounts are stated before any deduction for impairment losses.

10 DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014	
	Assets \$'000	Liabilities \$'000	Assets \$'000	Liabilities \$'000
Group				
Fair value of:				
Forward foreign exchange contracts	149	428	3,824	5,289
Forward commodity (natural rubber) contracts	–	362	–	1,211
	149	790	3,824	6,500
Company				
Fair value of:				
Forward foreign exchange contracts	149	428	3,774	4,773

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10 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Forward foreign exchange contracts

The group and company utilise forward foreign exchange contracts to manage its exposure to significant foreign exchange transactions on its future transactions and cash flows. The group and company are parties to a variety of forward foreign exchange contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the group's principal markets.

At the end of the reporting period, the total notional amounts of derivative financial instruments to which the group and company are committed to are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Forward foreign exchange contracts				
- Buy Euro and Sell United States dollars	23,200	192,833	23,200	168,729
- Buy United States dollars and Sell Euro	15,027	160,694	15,027	160,694
- Buy United States dollars and Sell Japanese Yen	–	52,754	–	52,754
- Buy Indonesian Rupiah and Sell United States dollars	–	5,012	–	–
- Buy United States dollars and Sell Thailand baht	7,078	52,534	7,078	52,534
- Buy Thailand baht and Sell United States dollars	7,071	52,988	7,071	52,988
- Buy Singapore dollars and Sell United States dollars	14,078	66,253	14,078	66,253
- Buy United States dollars and Sell Singapore dollars	21,233	65,822	21,233	65,822
- Buy Japanese yen and Sell United States dollars	–	52,870	–	52,870
	87,687	701,760	87,687	672,644

The average maturity period for forward foreign exchange contracts ranges from one week to five weeks (2014 : one week to nine weeks).

As at 31 December 2015, the fair value of the group and company's outstanding forward foreign exchange contracts is estimated to be a net loss of \$279,000 (2014 : net loss of \$1,465,000) and net loss of \$279,000 (2014 : net loss of \$999,000) respectively.

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10 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Forward commodity (natural rubber) contracts

The group utilises forward commodity (natural rubber) contracts to manage the fluctuations in world rubber prices.

At the end of the reporting period, the total notional amounts of derivative financial instruments to which the group is committed to are as follows:

	Group	
	2015	2014
	\$'000	\$'000
Forward commodity (natural rubber) contracts	<u>11,318</u>	<u>17,713</u>

The average maturity period for forward commodity (natural rubber) contracts ranges from three to six months (2014 : three to six months).

As at 31 December 2015, the fair value of the group's outstanding forward commodity (natural rubber) contracts are measured at fair value through profit or loss of which the fair value is estimated to be a net loss of \$362,000 (2014 : a net loss of \$1,211,000).

11 CONSUMABLE BIOLOGICAL ASSETS

	Group
	\$'000
Carrying amounts at 1 January 2014	502
Loss arising from changes in fair value less costs to sell	<u>(342)</u>
Carrying amounts at 31 December 2014	160
Loss arising from changes in fair value less costs to sell	<u>(1)</u>
Carrying amounts at 31 December 2015	<u>159</u>

The loss arising from changes in fair value less costs to sell is recognised in the consolidated statement of profit or loss and other comprehensive income as part of other operating costs.

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12 INVENTORIES

		Group	
	2015	2014	2013
	\$'000	\$'000	\$'000
		(Restated)	(Restated)
Raw materials	44,093	47,130	97,684
Consumables and spare parts	12,630	14,018	13,981
Rubber plant nursery	1,687	2,163	2,140
Finished goods and goods for resale	20,785	35,065	37,694
	79,195	98,376	151,499

The cost of sales includes \$2,165,000 (2014 : \$4,786,000) in respect of write-off of inventories and \$511,000 (2014 : \$272,000) in respect of allowance for slow-moving raw materials, consumables and spare parts.

Included in the inventories is fair value less costs to sell of \$563,000 (2014: \$4,075,000) recognised for the agriculture produce at point of harvest. The fair value changes are recognised in the consolidated statement of profit or loss and other comprehensive income as part of operating costs.

The group has pledged inventory having a carrying amount of \$13,074,000 (2014 : \$19,292,000) to secure banking facilities granted to the group (Note 24).

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	\$'000	\$'000
Unquoted equity shares, at cost	360,554	360,554
Less: Impairment loss	(5,419)	(3,658)
	355,135	356,896
Movement in impairment loss:		
Balance at beginning of the year	3,658	3,658
Impairment charge during the year	1,761	–
Balance at end of year	5,419	3,658

The balances with subsidiaries are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated.

The company carried out a review of the recoverable amounts of its investment in subsidiaries where there was an indication that the investments had suffered an impairment loss. The recoverable amount was determined through its value in use, which is based on cash flow projections derived from the operation's financial business plan approved by management. The discount rates used in the calculations range from 15.0% to 17.1% (2014 : 13.0% to 17.5%) for the entities in the different jurisdictions.

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13 INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the company's subsidiaries at 31 December 2015 are as follows:

Name of subsidiary	Principal activities/ Country of incorporation and operations	Proportion of effective ownership interest and voting power held	
		2015 %	2014 %
GMG Holdings Ltd ⁽¹⁾⁽³⁾	Investment holding/ Singapore	100	100
P.T. Bumi Jaya ⁽²⁾	Rubber procurement, processing and exporters/ Indonesia	95	95
P.T. GMG Sentosa ⁽²⁾	Rubber procurement, processing and exporters/ Indonesia	75	75
Ivoirienne de Traitement de Caoutchouc ⁽²⁾	Rubber procurement, processing and exporters/Cote d'Ivoire	60	60
GMG Investment Congo SPRL ⁽³⁾	Rubber procurement and processing/ Democratic Republic of Congo	100	100
GMG Cote d'Ivoire ⁽³⁾	Rubber procurement and processing/ Cote d'Ivoire	100	100
G.P. Sentosa Enterprises Co., Ltd ^{(2) (6)}	Investment holding/Thailand	100	100
Teck Bee Hang Co., Ltd ^{(2) (7)}	Rubber procurement, processing and exporters/Thailand	55	55
Inobonto Holdings Pte. Ltd. ⁽³⁾	Investment holding/Singapore	95.5	95.5
GMG Investment (S) Pte. Ltd. ⁽¹⁾	Investment holding, general importers and exporters/Singapore	100	100

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13 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities/ Country of incorporation and operations	Proportion of effective ownership interest and voting power held	
		2015 %	2014 %
Subsidiaries of Teck Bee Hang Co. Ltd:			
Techem Industries Co., Ltd ⁽⁴⁾	Manufacture and distribution of plastic products/Thailand	54.1	54.1
Teck-Fu Joint Venture Co., Ltd ⁽⁵⁾	Rubber procurement, processing and exporters/Thailand	47.3	47.3
Subsidiaries of GMG Investment (S) Pte Ltd:			
GMG International S.A ⁽²⁾	Investment holding/Cameroon	100	100
Tropical Rubber Cote d'Ivoire ⁽²⁾	Rubber plantation and processing/Cote d'Ivoire	51.2	51.2
Green Ventures Cameroon S.A ⁽³⁾	Inactive/Cameroon	100	100
GMG Services Pte Ltd ⁽³⁾⁽⁸⁾	Inactive/Malaysia	100	100
Subsidiary of Inobonto Holdings Pte. Ltd.:			
PT Inobonto Indah Perkasa ⁽³⁾	Rubber and oil palm plantation/Indonesia	76.4	76.4
Subsidiary of GMG International S.A:			
Hevecam S.A ⁽²⁾	Rubber plantation and processing/Cameroon	90	90
Sud Cameroun Heavea S.A. ⁽²⁾	Rubber plantation and processing/Cameroon	80	80

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13 INVESTMENT IN SUBSIDIARIES (CONT'D)

- ⁽¹⁾ Audited by Deloitte & Touche LLP, Singapore.
- ⁽²⁾ Audited by overseas practices of Deloitte Touche Tohmatsu Limited.
- ⁽³⁾ These subsidiaries are inactive as at year end.
- ⁽⁴⁾ Audited by Suthat Accountancy Office, Thailand. The direct interest held by Teck Bee Hang Co. Ltd is 98.4%.
- ⁽⁵⁾ Audited by PND Audit and Law, Thailand. The direct interest held by Teck Bee Hang Co. Ltd is 86%.
- ⁽⁶⁾ The direct interest held by the company is 40%.
- ⁽⁷⁾ The direct interest held by the company is 49%, and the direct interest held by G.P. Sentosa Enterprise Co.,Ltd, a subsidiary, is 6%. The combined interest above 50% gives the Group control over the entity.
- ⁽⁸⁾ On 4 February 2016, the company has been struck off from the Register of Companies by Labuan Financial Services Authority. The striking off does not have any material impact on the group.

Information about the composition of the group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2015	2014
Investment holding	Singapore	1	1
Investment holding, general import and exporters	Singapore	1	1
Rubber procurement and processing	Democratic Republic of Congo	1	1
Investment holding	Cameroon	1	1
Rubber procurement and processing	Cote d'Ivoire	1	1
Investment holding	Thailand	1	1
Inactive	Cameroon	1	1
Inactive	Malaysia	1	1
		8	8

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13 INVESTMENT IN SUBSIDIARIES (CONT'D)

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		2015	2014
Investment holding	Singapore	1	1
Rubber procurement, processing and exporters	Thailand	2	2
Rubber plantation and processing	Cote d'Ivoire	1	1
Rubber procurement, processing and exporters	Cote d'Ivoire	1	1
Rubber plantation and processing	Cameroon	2	2
Rubber procurement, processing and exporters	Indonesia	2	2
Manufacture and distribution of plastic products	Thailand	1	1
Rubber and oil palm plantation	Indonesia	1	1
		11	11

Details of non-wholly owned subsidiaries that have material non-controlling interests to the group are disclosed below.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015	2014	2015	2014
				\$'000	\$'000	\$'000	\$'000
				(Restated)	(Restated)	(Restated)	(Restated)
Ivoirienne de Traitement de Caoutchouc	Cote d'Ivoire	40%	40%	183	(1,176)	(484)	(803)
Tropical Rubber Cote D'Ivoire	Cote d'Ivoire	48.8%	48.8%	(1,532)	(3,536)	16,770	18,989
Teck Bee Hang Co., Ltd	Thailand	45%	45%	(665)	(4,945)	(3,891)	(4,126)
Hevecam S.A	Cameroon	10%	10%	(971)	(1,149)	24,481	26,251
Individually immaterial subsidiaries with non-controlling interests				(1,310)	(2,955)	(4,007)	(1,185)
Total				(4,295)	(13,761)	32,869	39,126

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13 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

	Ivoirienne de Traitement de Caoutchouc		Tropical Rubber Cote d'Ivoire		Teck Bee Hang Co., Ltd		Hevecam S.A	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
			(Restated)				(Restated)	
Current assets	15,056	14,920	21,942	32,147	62,409	56,159	61,018	79,395
Non-current assets	11,240	11,732	22,568	22,461	56,188	58,774	220,654	206,148
Current liabilities	(27,505)	(28,660)	(10,146)	(15,696)	(120,308)	(117,993)	(10,991)	(12,440)
Non-current liabilities	–	–	–	–	(6,936)	(6,109)	(25,870)	(10,594)
Equity attributable to owners of the company	(725)	(1,205)	17,594	19,923	(4,756)	(5,043)	220,330	236,258
Non-controlling interests	(484)	(803)	16,770	18,989	(3,891)	(4,126)	24,481	26,251

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13 INVESTMENT IN SUBSIDIARIES (CONT'D)

	Ivoirienne de Traitement de Caoutchouc		Tropical Rubber Cote d'Ivoire		Teck Bee Hang Co., Ltd		Hevecam S.A	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000 (Restated)	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000 (Restated)
Revenue	48,391	45,362	49,845	89,306	333,804	408,046	38,356	56,627
Expenses	(47,933)	(48,302)	(52,984)	(96,552)	(335,282)	(419,034)	(48,062)	(68,120)
Profit (Loss) for the year	458	(2,940)	(3,139)	(7,246)	(1,478)	(10,988)	(9,706)	(11,493)
Profit (Loss) attributable to the owners of the company	275	(1,764)	(1,607)	(3,710)	(813)	(6,043)	(8,735)	(10,344)
Profit (Loss) attributable to the non-controlling interests	183	(1,176)	(1,532)	(3,536)	(665)	(4,945)	(971)	(1,149)
Profit (Loss) for the year	458	(2,940)	(3,139)	(7,246)	(1,478)	(10,988)	(9,706)	(11,493)
Other comprehensive income attributable to owners of the company	–	–	–	–	(14)	–	–	–
Other comprehensive income attributable to the non- controlling interests	–	–	–	–	12	–	–	–
Other comprehensive income for the year	–	–	–	–	26	–	–	–
Total comprehensive income attributable to owners of the company	275	(1,764)	(1,607)	(3,710)	(799)	(6,043)	(8,735)	(10,344)
Total comprehensive income attributable to the non-controlling interests	183	(1,176)	(1,532)	(3,536)	(653)	(4,945)	(971)	(1,149)
Total comprehensive income for the year	458	(2,940)	(3,139)	(7,246)	(1,452)	(10,988)	(9,706)	(11,493)

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13 INVESTMENT IN SUBSIDIARIES (CONT'D)

	Ivoirienne de Traitement de Caoutchouc		Tropical Rubber Cote d'Ivoire		Teck Bee Hang Co., Ltd		Hevecam S.A	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Dividends paid to non-controlling interests	–	–	(1,078)	(1,251)	–	–	–	–
Net cash inflow (outflow) from operating activities	4,239	1,695	(451)	(2,270)	7,192	10,841	2,873	19,004
Net cash inflow (outflow) from investing activities	(1,678)	(3,411)	(2,438)	(1,950)	(1,346)	(3,481)	(22,909)	(33,564)
Net cash inflow (outflow) from financing activities	–	2,434	3,483	(1,022)	(78)	(7,129)	17,574	3,351
Net cash inflow (outflow)	2,561	718	594	(5,242)	5,768	231	(2,462)	(11,209)

Significant restrictions

There is no significant restriction on the company's or its subsidiaries' ability to access or use the assets and settle the liabilities of the group.

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14 INVESTMENTS IN ASSOCIATES

	2015 \$'000	Group 2014 \$'000 (Restated)	2013 \$'000 (Restated)	Company 2015 \$'000	2014 \$'000
Unquoted equity shares, at cost	317,643	317,643	317,643	317,480	317,480
Exchange adjustment	(4,632)	679	13,871	–	–
Share of post-acquisition profit, net of dividend received	2,837	(230)	5,008	–	–
Share of post-acquisition reserve	(13,167)	(11,856)	(7,285)	–	–
Effect of changes in interest in subsidiary (Note A)	(3,201)	677	677	–	–
	299,480	306,913	329,914	317,480	317,480

Note A:

This represents the net effects of changes in the group's ownership interest in Siat Gabon, a subsidiary of an associate, that did not result in change of control, on the equity attributable to owners of the parent:

	2015 \$'000	2014 \$'000
Proceeds paid	(4,156)	–
Non-controlling interest acquired	278	–
Difference recognised in equity reserve	(3,878)	–

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14 INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the group's associates at 31 December 2015 are as follows:

Name of associate	Principal activities/ Country of incorporation and operations	Proportion of effective ownership interest and voting power held	
		2015 %	2014 %
SIAT S.A. ⁽²⁾	Investment holding/Belgium	35	35
Subsidiaries of Siat SA:			
Compagnie Heveicole de Cavally ⁽²⁾	Rubber plantation, processing and exporters/Cote d'Ivoire	35	35
Ghana Oil Palm Development Co Ltd ⁽²⁾	Oil palm plantation, processing and trading/Ghana	35	35
Presco Plc ⁽³⁾	Oil palm plantation, processing and trading/Nigeria	21	21
Siat Gabon ⁽²⁾ (Note A)	Rubber and oil palm plantation, processing, trading, exporters and cattle ranch/Gabon	35	33
Siat Nigeria Ltd ⁽³⁾	Oil palm plantation, processing and trading/Nigeria	35	35
Siat Cambodge ⁽⁴⁾	Inactive/Cambodia	35	35
Deroose Plant ⁽⁷⁾	Breeding, growing and selling of plant/ Belgium	28	—
Deroose Plant Inc ⁽⁷⁾	Flower cultivation/ USA	28	—

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14 INVESTMENTS IN ASSOCIATES (CONT'D)

Name of associate	Principal activities/ Country of incorporation and operations	Proportion of effective ownership interest and voting power held	
		2015 %	2014 %
SFD-DRP Co. Ltd ⁽⁶⁾	Flower cultivation/ China	28	—
Associate of Teck Bee Hang Co. Ltd (Note 13):			
Feltex Co., Ltd ⁽¹⁾	Producing and selling concentrate latex and block rubber/Thailand	24.8	24.8
Associate of SIAT S.A.:			
Deroose Plant nv ⁽⁵⁾	Breeding and growing and selling of plant/Belgium	13.3	13.3

⁽¹⁾ Audited by Intadit C.P.A Office Company Limited, Thailand.

⁽²⁾ Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

⁽³⁾ Audited by Grant Thornton, Nigeria.

⁽⁴⁾ This associate is inactive as at year end.

⁽⁵⁾ Audited by Baker Tilley Belgium Bedrijfsrevisoren.

⁽⁶⁾ Audited by overseas practices of Baker Tilley

⁽⁷⁾ Audited by Tom Tschopp, United States

All of the above associates are accounted for using the equity method in these consolidated financial statements.

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14 INVESTMENTS IN ASSOCIATES (CONT'D)

Summarised financial information in respect of the group's material associates in accordance with FRS, as well as reconciliation to the carrying amount of the investment in the consolidated financial statements are as follows:

	SIAT S.A.	
	2015 \$'000	2014 \$'000 (Restated)
Current assets	205,236	164,216
Non-current assets	639,759	590,458
Current liabilities	(228,132)	(164,495)
Non-current liabilities	(166,929)	(115,411)
Net assets	449,934	474,768
Proportion of the group's ownership	35%	35%
Goodwill	133,651	138,862
Translation adjustments	6,146	(396)
Carrying amount of the investment	297,274	304,635

	2015 \$'000	2014 \$'000
Revenue	374,045	322,433
Profit (Loss) from continuing operations	8,734	(14,811)
Profit (Loss) for the year	8,734	(14,811)
Other comprehensive loss for the year	(14,662)	(13,059)
Total comprehensive loss for the year	(5,928)	(27,870)

Summarised financial information in respect of the group's immaterial associates are as follows:

	2015 \$'000	2014 \$'000
The group's share of profit (loss)	10	(146)
The group's share of other comprehensive income	–	–
The group's share of total comprehensive income	10	(146)
Aggregate carrying amount of the group's interest in these associates	2,206	2,278

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14 INVESTMENTS IN ASSOCIATES (CONT'D)

The group tests the carrying amount of investment in its directly-held associate annually for impairment or more frequently if there are indications that the carrying amount of the investment in the associate might be impaired. The carrying amount of the investment in the associate includes the goodwill on consolidation net of liabilities assumed.

During the year, management determines the recoverable amount of investment in associate is determined based on fair value less costs to sell. Fair value less costs to sell is based on the computed enterprise value of the investment in associate and is categorised under level 3 of the fair value hierarchy as defined under FRS 113 *Fair Value Measurement*. The key assumption that is most sensitive to the recoverable amount is the expected selling price per hectare of the plantation and land held by the associate. Management has determined the value of the expected selling price based on the cost approach and compared it to external sources of information where available. The expected selling price is not inconsistent with external sources of information obtained.

15 AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2015	2014
	\$'000	\$'000
Quoted equity shares, at fair value	36	41
Unquoted equity shares, at cost	196	203
	<u>232</u>	<u>244</u>

The investment in quoted equity shares offers the group the opportunity for return through dividend income and fair value gains. It has no fixed maturity or coupon rate. The fair value of the security is based on the quoted closing market prices on the last market day of the financial year.

The investment in unquoted shares is stated at cost less impairment in recoverable value as management is of the view that there are no reliable measures of the fair values of such investments.

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16 PLANTATION ASSETS

	Freehold land \$'000	Land use rights \$'000	Plantations \$'000	Plantation establishment costs \$'000	Total \$'000
Group					
Cost:					
At 1 January 2014	1,562	147,000	141,147	60,857	350,566
Additions	–	–	12	35,259	35,271
Transfers	–	–	1,486	(1,486)	–
Transfer to investment property (Note 18)	(1,447)	–	–	–	(1,447)
Exchange adjustment	(115)	–	(12,094)	(5,748)	(17,957)
At 31 December 2014	–	147,000	130,551	88,882	366,433
Additions	–	–	1,760	41,087	42,847
Transfers from property, plant and equipment (Note 17)	–	–	–	1,874	1,874
Exchange adjustment	–	–	(4,929)	(2,832)	(7,761)
At 31 December 2015	–	147,000	127,382	129,011	403,393
Accumulated depreciation					
At 1 January 2014	–	–	74,553	–	74,553
Depreciation	–	–	3,105	–	3,105
Exchange adjustment	–	–	(6,600)	–	(6,600)
At 31 December 2014	–	–	71,058	–	71,058
Depreciation	–	–	2,611	–	2,611
Exchange adjustment	–	–	(2,628)	–	(2,628)
At 31 December 2015	–	–	71,041	–	71,041
Impairment:					
Impairment loss recognised in 2014 and balance as at 31 December 2014 and 31 December 2015	–	–	–	(4,350)	(4,350)
Carrying amount:					
At 31 December 2015	–	147,000	56,341	124,661	328,002
At 31 December 2014	–	147,000	59,493	84,532	291,025

The group's plantation assets comprise mainly 3 plantations located in Niète and Meyomessala, Cameroon and Anguedou, Cote d'Ivoire with a total planted area of around 26,795 (2014: 21,684) hectares. Plantations normally reach full harvest potential between 11 and 20 years after planting. Currently, there are no insurance policies in Africa against losses due to uncontrollable and extraordinary weather conditions.

NOTES TO FINANCIAL STATEMENTS

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16 PLANTATION ASSETS (CONT'D)

The accumulated interest expense capitalised amounted to \$6,451,000 (2014 : \$3,720,000) as at the end of the reporting period after adjustment for exchange rate differences. Interest expense amounting to \$2,731,000 (2014 : \$1,429,000) was capitalised in 2015.

In 2014, there was a change in the plans for the development of certain plantations and the group carried out a review of those recoverable amount of plantation assets. This review led to an impairment loss of \$4,350,000 that has been recognised in profit and loss. The impaired plantation assets relate to the Indonesia geographical segment. The recoverable amount was determined through value in use calculation and discount rate was 13%. In 2015, an impairment assessment was performed based on fair value less costs of disposal by independent valuers having an appropriate recognised professional qualification and experience of the properties being valued, and not related to the group. Fair value less costs of disposal is based on the computed enterprise value of the investment and is categorised under Level 3 of the fair value hierarchy as defined under FRS 113. No further impairment loss was recognised for 2015.

The group has pledged plantation assets having a carrying amount of \$119,929,000 (2014 : \$101,205,000) to secure banking facilities granted to the group (Note 24).

Included in plantation assets is an amount of \$147 million which relates to the land use rights on the 40,000 hectares plantation land granted by the State of Cameroon in December 1996 for a period of 50 years plus 50 years, renewable at a nominal value to the group. With the group's continuing investment in replanting and extension on the plantation land, management is of the view that it is not likely that the land use rights will not be renewed at the expiry of its current term and accordingly, the land use rights have a perpetual life and no depreciation has been provided.

A review of the recoverable amount for the plantation in Cameroon was determined based on the value in use calculation and the rate used to discount is 17.1% (2014: 17.5%).

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17 PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Leasehold buildings \$'000	Leasehold improvements \$'000	Office equipment, furniture and fittings \$'000	Plant machinery and equipment \$'000	Motor vehicles \$'000	Computers \$'000	Construction in-progress \$'000	Total \$'000
Group									
Cost:									
At 1 January 2014	10,744	81,518	6,532	14,585	74,044	27,238	780	11,938	227,379
Additions	-	4,334	-	1,351	14,787	3,992	148	7,515	32,127
Disposals/written off	-	(8)	(1)	(73)	(440)	(282)	(5)	(13)	(822)
Transfer	-	4,849	-	37	3,072	1	2,304	(10,263)	-
Exchange adjustment	536	(7,266)	320	(1,098)	(4,167)	(2,245)	(39)	(531)	(14,490)
At 31 December 2014	11,280	83,427	6,851	14,802	87,296	28,704	3,188	8,646	244,194
Additions	-	2,961	-	624	3,764	2,968	14	6,366	16,697
Disposals/written off	(831)	(9)	-	(73)	(4,229)	(1,736)	-	-	(6,878)
Transfer to plantation assets (Note 16)	-	(1,429)	-	(26)	1,451	-	1,833	(6,561)	(1,874)
Exchange adjustment	(451)	(3,002)	(136)	(416)	(3,175)	(916)	(22)	(198)	(8,316)
At 31 December 2015	9,998	84,806	6,715	14,911	85,107	29,020	5,013	8,253	243,823

NOTES TO FINANCIAL STATEMENTS

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17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land \$'000	Leasehold buildings \$'000	Leasehold improvements \$'000	Office equipment, furniture and fittings \$'000	Plant machinery and equipment \$'000	Motor vehicles \$'000	Computers \$'000	Construction in-progress \$'000	Total \$'000
Accumulated depreciation:									
At 1 January 2014	-	41,555	2,609	11,521	41,695	20,174	604	-	118,158
Depreciation	-	3,433	192	534	7,983	2,230	323	-	14,695
Disposals/written off	-	(8)	-	(67)	(413)	(254)	(4)	-	(746)
Exchange adjustment	-	(5,247)	134	(887)	(2,922)	(1,853)	(35)	-	(10,810)
At 31 December 2014	-	39,733	2,935	11,101	46,343	20,297	888	-	121,297
Depreciation	-	4,161	207	803	7,637	2,119	445	-	15,372
Disposals/written off	-	(670)	-	(48)	(3,602)	(1,535)	-	-	(5,855)
Exchange adjustment	-	(1,489)	(39)	(332)	(2,050)	(717)	(12)	-	(4,639)
At 31 December 2015	-	41,735	3,103	11,524	48,328	20,164	1,321	-	126,175

Carrying amount:

At 31 December 2015	9,998	43,071	3,612	3,387	36,779	8,856	3,692	8,253	117,648
At 31 December 2014	11,280	43,694	3,916	3,701	40,953	8,407	2,300	8,646	122,897

The group has pledged property, plant and equipment with a carrying amount of \$26,338,000 (2014 : \$30,611,000) to secure banking facilities granted to the group (Note 24).

Certain of the group's motor vehicles with carrying amount of \$289,000 (2014 : \$564,000) are under finance lease obligations (Note 25).

NOTES TO FINANCIAL STATEMENTS

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17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Office equipment, Furniture and fittings \$'000	Motor vehicles \$'000	Computers \$'000	Construction in progress \$'000	Total \$'000
Company					
Cost:					
At 1 January 2014	457	696	244	2,979	4,376
Additions	7	–	85	1,047	1,139
Transfers	–	–	2,304	(2,304)	–
At 31 December 2014	464	696	2,633	1,722	5,515
Additions	8	–	–	173	181
Disposal	–	(366)	(845)	–	(1,211)
Transfers	–	–	1,799	(1,799)	–
At 31 December 2015	472	330	3,587	96	4,485
Accumulated depreciation:					
At 1 January 2014	455	325	173	–	953
Depreciation	3	139	267	–	409
At 31 December 2014	458	464	440	–	1,362
Depreciation	4	97	422	–	523
Disposal	–	(274)	(117)	–	(391)
At 31 December 2015	462	287	745	–	1,494
Carrying amount:					
At 31 December 2015	10	43	2,842	96	2,991
At 31 December 2014	6	232	2,193	1,722	4,153

The company's motor vehicles are under finance lease obligations (Note 25).

NOTES TO FINANCIAL STATEMENTS

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18 INVESTMENT PROPERTIES

	Freehold land \$'000	Leasehold buildings \$'000	Total \$'000
Group			
Cost:			
At 1 January 2014	12,272	14,857	27,129
Transfer from plantation assets (Note 16)	1,447	–	1,447
Exchange adjustments	604	776	1,380
At 31 December 2014	14,323	15,633	29,956
Disposals	(513)	(544)	(1,057)
Exchange adjustments	(522)	(557)	(1,079)
At 31 December 2015	13,288	14,532	27,820
Accumulated depreciation:			
At 1 January 2014	–	12,249	12,249
Depreciation for the year	–	571	571
Exchange adjustments	–	622	622
At 31 December 2014	–	13,442	13,442
Depreciation for the year	–	278	278
Disposals	–	(544)	(544)
Exchange adjustments	–	(585)	(585)
At 31 December 2015	–	12,591	12,591
Carrying amount:			
At 31 December 2015	13,288	1,941	15,229
At 31 December 2014	14,323	2,191	16,514

NOTES TO FINANCIAL STATEMENTS

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18 INVESTMENT PROPERTIES (CONT'D)

Fair value measurement of the group's investment properties

The fair value of the group's investment properties at 31 December 2015 have been determined on the basis of valuations carried out at year end by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The fair values were arrived at by reference to market evidence of transactions prices for similar properties, and were performed in accordance with International Valuation Standards. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the group's investment properties and information about the fair value hierarchy are as follows:

As at 31 December 2015

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment properties	–	–	21,069	21,069

As at 31 December 2014

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment properties	–	–	21,216	21,216

There were no transfers between Levels during the year.

The property rental income from the group's investment properties all of which are leased out under operating leases, amounted to \$31,000 (2014 : \$30,000) (Note 31). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to \$56,000 (2014 : \$25,000).

NOTES TO FINANCIAL STATEMENTS

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19 GOODWILL

	2015 \$'000	2014 \$'000
Balance at beginning of year	11,464	11,694
Exchange adjustment	(340)	(230)
Balance at end of year	<u>11,124</u>	<u>11,464</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to the operating segments as follows:

	2015 \$'000	2014 \$'000
Teck Bee Hang Co. Ltd and its subsidiaries ("TBH Group") (single CGU) (Thailand)	7,529	7,810
Inobonto Holdings Pte Ltd and its subsidiary ("Inobonto Group") (single CGU) (Singapore)	2,021	2,021
Ivoirienne de Traitement de Caoutchouc ("ITCA") (single CGU) (Cote d'Ivoire)	<u>1,574</u>	<u>1,633</u>
	<u>11,124</u>	<u>11,464</u>

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The carrying amount of the CGU includes the goodwill on consolidation net of liabilities assumed.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

NOTES TO FINANCIAL STATEMENTS

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19 GOODWILL (CONT'D)

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated 2% (2014 : 2%) growth rate per annum. This rate does not exceed the average long-term growth rate for the relevant markets.

The rates used to discount the forecasted cash flows from each CGU are as follows:

	2015 %	2014 %
TBH Group	15.0	15.0
ITCA	16.0	16.0

As at 31 December 2015

For TBH group and ITCA, any reasonably possible changes to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amount of each CGU.

As at 31 December 2014

For TBH Group, if the discount rate were to increase by 0.5% or the terminal growth were to decrease by 1.1%, an impairment loss may have to be recognised.

For ITCA, any reasonably possible changes to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amount of each CGU.

In 2015, an impairment assessment was also performed for Inobonto Group, where the recoverable amount of the investment is determined based on fair value less costs of disposal. Fair value less costs of disposal is based on the computed enterprise value of the investment and is categorised under Level 3 of the fair value hierarchy as defined under FRS 113. The key assumption that is most sensitive to the recoverable amount is the expected selling price per hectare of the plantation and the license rights held by the investment. Management has determined the value of the expected selling price based on external sources of information.

In 2014, the recoverable amount of the investment is determined from value in use calculations. The key assumption for the value in use calculation are those regarding discount rate, growth rate and expected changes to selling price and direct costs during the period. Management estimated discount rate of 13.0% using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The growth rate of 3.0% is based on industry growth forecasts. Changes in selling prices and direct costs were based on past practices and expectations of future changes in the market.

The group prepared the cash flow forecast derived from the most recent financial budget approved by management for the next five years and extrapolated cash flows for the following five years based on an estimated 2.0% growth rate per annum. This rate did not exceed the average long-term growth rate for the relevant market.

As at 31 December 2014, any reasonably possible changes to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amount.

NOTES TO FINANCIAL STATEMENTS

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20 LOAN RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Loans to non-controlling interests of a subsidiary	4,716	4,900	–	–
Loan to an associate (Note 14)	5,413	5,624	5,413	5,624
Subsidiaries (Note 13)	–	–	14,733	14,992
	10,129	10,524	20,146	20,616
Analysed as:				
Current	5,413	5,624	8,357	5,624
Non-current	4,716	4,900	11,789	14,992
	10,129	10,524	20,146	20,616

The loan to an associate was unsecured, past due and was repayable on 31 March 2015 and earns interest at 3% per annum.

The loan to non-controlling interests of a subsidiary is unsecured, repayable after 2018 and earns interest at 5% (2014 : 5%) per annum.

Details of the company's non-current portion of the long-term loan receivables are as follows:

	Company	
	2015 \$'000	2014 \$'000
Loan A	11,789	12,249
Loan B	–	2,743
	11,789	14,992

The company has the following loan receivables from two subsidiaries:

- Loan A is unsecured, repayable in 2020 and earns interest at 5% (2014 : 5%) per annum.
- Loan B is unsecured, repayable in 2016 and earns interest at 5% per annum. The loan was reclassified as current during the year.

NOTES TO FINANCIAL STATEMENTS

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21 SHORT-TERM LOANS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Bank loans	133,880	100,028	19,575	13,189

The short-term loans of the group and the company are unsecured, bear interest at an average effective rate of 1.91% (2014: 1.91%) per annum and 1.84% (2014: 1.36%) per annum respectively.

22 TRADE PAYABLES

	Group	
	2015 \$'000	2014 \$'000
Outside parties	17,862	15,553
Associates (Note 14)	5,478	8,569
	23,340	24,122

The average credit period on purchases of goods is 15 days (2014 : 15 days). No interest is charged on the trade payables.

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

23 OTHER PAYABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Sundry creditors	5,828	12,815	1,115	1,217
Accrued expenses	12,331	16,839	3,347	3,241
Interest payable	726	2,063	24	37
Sales advance with immediate holding company (Note 5)	200	19,969	–	–
Due to directors of subsidiaries	2,293	2,293	–	–
Subsidiaries	–	–	189,122	205,746
	21,378	53,979	193,608	210,241

The average credit period for sundry creditors given is 37 days (2014 : 50 days). No interest is charged on the sundry creditors.

The amounts due to directors arose mainly from payments made on behalf of a subsidiary and are unsecured, interest-free and repayable on demand.

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24 LONG-TERM LOANS

	Group	
	2015 \$'000	2014 \$'000
Bank loans:		
Secured	4,301	7,382
Unsecured	70,740	36,750
Loan due to related parties - unsecured	1,403	1,403
Total	<u>76,444</u>	<u>45,535</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)		
Bank loans - secured	<u>2,011</u>	<u>2,913</u>
Amount due for settlement after 12 months	<u>74,433</u>	<u>42,622</u>
Details of the group's loans are as follows:		
<u>Secured bank loans</u>		
Loan A	998	2,979
Loan B	3,303	4,403
	<u>4,301</u>	<u>7,382</u>

The group has the following secured bank loans:

- a) Loan A is repayable in semi-annual instalments till August 2016 and bears an average effective interest rate of 9.00% (2014 : 9.00%) per annum.

Loan B is repayable in semi-annual instalments till August 2018 and bears an average effective interest rate of 8.25% (2014 : 8.25%) per annum.

The two bank loans are secured over all the assets of a subsidiary amounting to \$203,582,000 (2014 : \$208,794,000) which include inventories, trade receivables, other receivables and plantation assets and property, plant and equipment amounting to \$13,074,000 (2014 : \$19,292,000), \$10,803,000 (2014 : \$24,249,000), \$33,438,000 (2014 : \$29,416,000), \$119,929,000 (2014 : \$101,205,000) and \$26,338,000 (2014 : \$30,611,000) respectively.

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24 LONG-TERM LOANS

	2015 \$'000	Group 2014 \$'000
<u>Unsecured bank loans</u>		
Loan A	23,580	6,125
Loan B	23,580	6,125
Loan C	23,580	24,500
	70,740	36,750

The group has the following unsecured bank loans:

- a) Loan A is repayable in 2024 and bears an average effective interest rate of 7.15% (2014: 7.15%) per annum.
- b) Loan B bears an average effective interest rate of 6.00% (2014: 6.00%) per annum. Repayments will commence in 2018 and continue until 2025.
- c) Loan C bears an average effective interest rate of 7.15% (2014 : 7.15%) per annum and is repayable across two financial years, in 2023 and 2024.

Loan due to related parties

The loans due to related parties are not repayable within 12 months. The loans are due to the minority shareholders of subsidiaries in Indonesia. The loan bears an average interest rate of 4.00% (2014 : 4.00%) per annum.

Management is of the opinion that the fair values of the group's long-term borrowings, by discounting their future cash flows at market rates, approximate their carrying values as shown in the financial statements.

NOTES TO FINANCIAL STATEMENTS

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25 FINANCE LEASES

	Group				Company			
	Minimum lease payments		Present value of minimum lease payments		Minimum lease payments		Present value of minimum lease payments	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Amounts receivable under finance leases:								
Within one year	115	201	105	179	43	91	38	80
In the second to fifth year inclusive	86	312	76	278	72	244	63	214
After five years	–	–	–	–	–	–	–	–
	201	513	181	457	115	335	101	294
Less: Future finance charges	(20)	(56)	–	–	(14)	(41)	–	–
Present value of lease obligations	181	457	181	457	101	294	101	294
Less: Amount due for settlement within 12 months (shown under current liabilities)			(105)	(179)			(38)	(80)
Amount due for settlement after 12 months			76	278			63	214

It is the group and company's policy to lease certain of its plant and equipment under finance leases. The average lease term is three years (2014 : three years). For the year ended 31 December 2015, the average effective borrowing rate ranges from 1.99% to 4.75% (2014 : 1.99% to 4.75%) per annum and 1.99% (2014 : 1.99%) per annum for the group and company respectively. Interest rates are fixed at the contract date, and thus do not expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The group and company's obligations under finance leases are secured by the lessors' title to the leased assets.

NOTES TO FINANCIAL STATEMENTS

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26 DEFERRED TAX

	Unremitted interest \$'000	Tax losses \$'000	Fair value adjustments \$'000	Others \$'000	Total \$'000
Group					
At 1 January 2014	3,921	(5,372)	6,019	19	4,587
Charge (Credit) to profit or loss (Note 33)	93	114	(295)	(134)	(222)
Exchange adjustment	16	(207)	582	(115)	276
At 31 December 2014	4,030	(5,465)	6,306	(230)	4,641
Charge (Credit) to profit or loss (Note 33)	–	(1,871)	57	(88)	(1,902)
Exchange adjustment	36	16	(239)	(271)	(458)
At 31 December 2015	4,066	(7,320)	6,124	(589)	(2,281)
Company					
At 1 January 2014	3,455	(2,356)	–	(75)	1,024
Charge to profit or loss	80	963	–	72	1,115
At 31 December 2014 and 31 December 2015	3,535	(1,393)	–	(3)	2,139

Certain deferred tax assets and liabilities have been offset in accordance with the group and company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes.

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax liabilities	9,165	9,311	2,139	2,139
Deferred tax assets	(6,884)	(4,670)	–	–
	2,281	4,641	2,139	2,139

At the end of the reporting period, deferred tax liabilities amounting to \$16.6 million (2014 : \$18.7 million) have not been recognised on the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries which amount to \$157.4 million (2014 : \$178.3 million). No liability has been recognised in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

There are no temporary differences associated with undistributed earnings of associates as there is a double taxation treaty or the associate is in an accumulated losses position.

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27 SHARE CAPITAL

	2015	Group and Company 2014	2015	2014
	Number of ordinary shares		\$'000	\$'000
Issued and fully paid:				
Balance at beginning of the year	7,675,848,772	7,675,848,772	611,330	611,330
Consolidation of share ⁽¹⁾	(6,908,264,136)	–	–	–
Balance at end of the year	<u>767,584,636</u>	<u>7,675,848,772</u>	<u>611,330</u>	<u>611,330</u>

⁽¹⁾ On 15 May 2015, the Company completed the consolidation of every ten existing ordinary shares into one ordinary share.

The company has one class of ordinary shares which carry one vote per share, has no par value and carries a right to dividend as and when declared by the company.

28 TREASURY SHARES

	2015	Group and Company 2014	2015	2014
	Number of ordinary shares		\$'000	\$'000
Balance at beginning of the year	15,650,000	15,650,000	1,995	1,995
Consolidation of share ⁽¹⁾	(14,085,000)	–	–	–
At beginning and end of the year	<u>1,565,000</u>	<u>15,650,000</u>	<u>1,995</u>	<u>1,995</u>

⁽¹⁾ On 15 May 2015, the Company completed the consolidation of every ten existing ordinary shares into one ordinary share.

In 2011, the company repurchased the shares in connection with a share buy-back exercise. The total amount paid to acquire the shares was \$1,995,000 and was deducted from shareholders' equity. The shares are held as treasury shares. The company intends to reissue these shares to executives under any future share option plan.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



29 CAPITAL RESERVES

		2015 \$'000	Group 2014 \$'000
Statutory reserve	(a)	9,795	9,795
Equity reserve	(b)	(6,349)	(2,471)
Other reserve A	(c)	1,247	1,247
Other reserve B	(d)	667	667
Other reserve C		14	–
Total		5,374	9,238

- a) Statutory reserve represents the amounts appropriated in accordance with the statutory requirements in Cameroon and Ivory Coast, Africa, where certain subsidiaries are required to appropriate 10% of the net profit for the year to constitute a legal reserve with a ceiling of 20% of the respective subsidiary's share capital. This reserve is not distributable. No appropriation has been made to statutory reserve since 2008 as the reserve had reached the ceiling of 20% of the respective subsidiaries' share capital.
- b) Equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control (Note 14).
- c) Other reserve A represents contribution from non-controlling interest of a subsidiary arising from the purchase of land by the group at a discount from the non-controlling interest of a subsidiary.
- d) Other reserve B represents the effect of disposal and acquisition of non-controlling interest in a subsidiary. In 2012, GMG International SA ("GMG International") was obliged to sell 3% of the 90% shareholding in Hevecam to employees of Hevecam at a 50% discount to the fair market value of each share. The net asset value ("NAV") of each Hevecam share as at 31 December 2011 was used as the fair market value.

Subsequent to and separate from the disposal transaction, the Management of GMG International SA had decided that it would be in the best interest of the company to buy back these shares issued to its employees and resultantly offered to buy back the 42,519 shares at CFA46,942 per share, using the NAV of each Hevecam share as at 31 December 2011 as the fair market value. 89% of employees voted and consented to sell the shares back to GMG International SA.

The disposal and acquisition of the 3% entitlement in Hevecam was accounted for within equity as it did not result in the loss of control of Hevecam.

NOTES TO FINANCIAL STATEMENTS

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30 REVENUE

	2015 \$'000	Group 2014 \$'000
Sale of goods	646,959	806,303

31 OTHER INCOME

	2015 \$'000	Group 2014 \$'000
Interest income on cash and bank balances and fixed deposits	819	1,039
Interest income on loan	414	339
Sale of nursery crops and spare parts	–	1,888
Reversal of accrual for legal case	–	481
Rental income from investment properties	31	30
Gain on disposal of property, plant and equipment	158	68
Insurance subsidy from government	498	–
Others	701	711
	2,621	4,556

32 FINANCE COSTS

	2015 \$'000	Group 2014 \$'000
Interest on bank borrowings and loans	5,040	4,241
Interest on obligations under finance leases	14	18
	5,054	4,259

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



33 INCOME TAX EXPENSE

	Group	
	2015	2014
	\$'000	\$'000
Current tax		
– Singapore	–	–
– Foreign	673	812
Deferred tax (Note 26)	(1,902)	(222)
Underprovision in prior years	2,889	273
Withholding tax	840	907
Income tax expense	<u>2,500</u>	<u>1,770</u>

Domestic income tax of the company is calculated at 17% (2014 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Group	
	2015	2014
	\$'000	\$'000
Loss before income tax	<u>(20,091)</u>	<u>(52,572)</u>
Tax at the domestic income tax rate of 17% (2014 : 17%)	(3,415)	(8,937)
Non-allowable items	99	3,290
Underprovision of current tax in prior years	2,889	273
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,149)	(4,188)
Effect of income tax at concessionary tax rate	2,044	1,268
Effect of unused tax losses not recognised as deferred tax assets	1,183	8,470
Withholding tax	840	907
Others	9	687
Tax expense for the year	<u>2,500</u>	<u>1,770</u>

A subsidiary in Singapore is accorded a concessionary tax rate of 5% (2014 : 5%) on certain income given that it qualifies for the Global Trader Programme Incentive Scheme with effect from 1 January 2013 for 5 years.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



33 INCOME TAX EXPENSE (CONT'D)

Subject to agreement with the Comptroller of Income Tax and the tax authorities in the relevant foreign tax jurisdictions in which the group operates and conditions imposed by law, the group has tax loss carryforwards available for offsetting against future taxable income as detailed below.

	Group	
	2015 \$'000	2014 \$'000
Tax loss carryforwards		
– Singapore	8,194	8,194
– Foreign	96,965	92,983
Deferred tax benefit on above recorded	7,320	5,465
Deferred tax benefit on above not recorded	19,774	18,591

Future tax benefits from the foreign tax loss carryforwards from certain subsidiaries in Indonesia, Thailand, DR Congo, Cameroon and Cote d'Ivoire are not recognised due to the unpredictability of future profits and have a limited life up to 5 years to offset against future profits after which any unutilised amount will be foregone.

34 LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	Group	
	2015 \$'000	2014 \$'000
<u>Depreciation expense:</u>		
Depreciation of property, plant and equipment	15,372	14,695
Depreciation of plantation assets	2,611	3,105
Depreciation of investment properties	278	571
Total depreciation expense	18,261	18,371
<u>Directors' remuneration:</u>		
– of the company	1,502	1,660
– of the subsidiaries	795	881
Total directors' remuneration	2,297	2,541

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



34 LOSS FOR THE YEAR (CONT'D)

	2015 \$'000	Group 2014 \$'000
<u>Employee benefits expense (including directors' remuneration):</u>		
Defined contribution plans	3,327	4,380
Others	49,781	54,566
Total employee benefits expense	53,108	58,946
Allowance for doubtful trade receivables	–	575
Allowance for doubtful other receivables	2,595	4,660
Cost of inventories recognised as expense	585,599	755,044
Write-off of inventories	2,165	4,786
Allowance for inventories	511	272
<u>Audit fees:</u>		
– paid to auditors of the company	285	282
– paid to other auditors	319	348
<u>Non-audit fees:</u>		
– paid to auditors of the company	34	85
– paid to other auditors	16	40
Net foreign exchange gain	(6,107)	(505)
Net loss on financial derivatives	3,019	3,189
Gain on disposal of property, plant and equipment	(158)	(68)
Property, plant and equipment written off	445	18

35 EARNINGS PER SHARE

Basic and fully diluted earnings per ordinary share for the group are based on the consolidated loss attributable to owners of the company of \$18,296,000 (2014 : loss of \$40,581,000) divided by the current period weighted average number of shares of 766,019,636 (2014 : 766,019,636), after share consolidation and excluding treasury shares.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



36 SEGMENT INFORMATION

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

Segment information is specifically focused on the geographical location of the subsidiaries. The group's reportable segments under FRS 108 *Operating Segments* are therefore as follows:

- Cameroon
- Cote d'Ivoire
- Democratic Republic of Congo (DR Congo)
- Indonesia
- Thailand
- Singapore

Cameroon, Cote d'Ivoire, DR Congo, Indonesia and Thailand are mainly engaged in growing, tapping and processing of natural rubber. Singapore is engaged in marketing of natural rubber.

Information regarding the group's reportable segments is presented below.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



36 SEGMENT INFORMATION (CONT'D)

The following is an analysis of the group's revenue and results by reportable segment:

	Cote d'Ivoire \$'000	Congo \$'000	DR Indonesia \$'000	Thailand \$'000	Singapore \$'000	Total Elimination \$'000	Net \$'000
Group							
Year ended 31 December 2015							
Revenue							
Revenue from external customers	—	—	—	254,354	392,605	646,959	—
Inter-segment revenues	38,356	98,236	3,749	47,803	79,450	—	646,959
	38,356	98,236	3,749	47,803	333,804	267,594	—
					392,605	(267,594)	646,959
Results							
Segment results	381	12,274	561	2,907	24,865	20,076	61,360
Share of profit of associate							3,067
Unallocated corporate expense							(80,697)
Interest income							1,233
Interest expense							(5,054)
Loss before tax							(20,091)
Income tax expense							(2,500)
Loss for the year							(22,591)

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



36 SEGMENT INFORMATION (CONT'D)

	Cote Cameroun \$'000	d'Ivoire \$'000	DR Congo \$'000	Indonesia \$'000	Thailand \$'000	Singapore \$'000	Total Elimination \$'000	Net \$'000
Group								
Other segment information								
Additions to plantation assets, property, plant and equipment	52,442	3,900	5	565	2,441	191	59,544	59,544
Depreciation of plantation assets, property, plant and equipment and investment properties	(8,430)	(3,799)	(282)	(1,578)	(3,280)	(892)	(18,261)	(18,261)
Allowance for inventories	(529)	—	—	—	18	—	(511)	(511)
Allowance for doubtful trade receivables	—	(2,595)	—	—	—	(5,020)	(7,615)	(2,595)
Net gain (loss) on financial derivatives	—	—	—	(283)	(509)	3,811	3,019	3,019
As at 31 December 2015								
Segment assets (non-current)	235,203	32,539	287	18,152	64,977	22,198	373,356	472,555
Segment assets (current)	72,482	45,018	1,734	17,291	107,625	183,173	427,323	226,433
Unallocated assets								316,725
Consolidated total assets								1,015,713
Segment liabilities	133,775	45,541	8,754	63,709	164,949	318,321	735,049	(467,799)
								267,250

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



36 SEGMENT INFORMATION (CONT'D)

	Cameroon \$'000	Cote d'Ivoire \$'000	DR Congo \$'000	Indonesia \$'000	Thailand \$'000	Singapore \$'000	Total Elimination \$'000	Net \$'000
Group (Restated)								
Year ended 31 December 2014								
Revenue								
Revenue from external customers	—	—	—	—	231,833	574,470	806,303	— 806,303
Inter-segment revenues	56,627	134,668	6,433	87,060	176,213	—	461,001	(461,001) —
	56,627	134,668	6,433	87,060	408,046	574,470	1,267,304	(461,001) 806,303
Results								
Segment results	2,376	6,832	(1,483)	(3,784)	20,041	26,637	50,619	640 51,259
Share of loss of associates								(5,238)
Unallocated corporate expense								(95,712)
Interest income								1,378
Interest expense								(4,259)
Loss before tax								(52,572)
Income tax expense								(1,770)
Loss for the year								(54,342)

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



36 SEGMENT INFORMATION (CONT'D)

	Cote d'Ivoire \$'000	DR Congo \$'000	Indonesia \$'000	Thailand \$'000	Singapore \$'000	Total Elimination \$'000	Net \$'000
Group (Restated)							
Other segment information							
Additions to plantation assets, property, plant and equipment	57,436	5,128	262	914	2,480	1,178	67,398
Depreciation of plantation assets, property, plant and equipment and investment properties	(8,306)	(3,769)	(422)	(1,677)	(3,457)	(740)	(18,371)
Impairment of plantation assets	-	-	-	(4,350)	-	-	(4,350)
Allowance for inventories	(272)	-	-	-	-	(272)	(272)
Allowance for doubtful trade receivables	(223)	(5,012)	-	-	-	(5,235)	(5,235)
Net gain (loss) on financial derivatives	-	-	-	510	(937)	(2,762)	(3,189)
As at 31 December 2014							
Segment assets (non-current)	196,727	33,896	640	19,780	62,498	381,211	694,752
Segment assets (current)	99,418	47,068	2,528	25,923	103,135	529,166	807,238
Unallocated assets							322,351
Consolidated total assets							<u>1,038,812</u>
Segment liabilities	99,789	44,357	8,717	66,821	167,411	397,168	784,263
							<u>(542,629)</u>
							241,634

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



36 SEGMENT INFORMATION (CONT'D)

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of interest income, interest expense and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision makers monitor the tangible and financial assets attributable to each segment.

The group has two major customers from the Singapore segment. Revenue from one major customer amounted to \$119.8 million (2014 : \$248.4 million) and a second major customer amounted to \$53.0 million (2014 : \$79.6 million).

All assets are allocated to reportable segments other than investment in associates (Note 14), available-for-sale investments (Note 15), loans to associate (Note 20) and deferred tax assets (Note 26). Goodwill has been allocated to reportable segments as described in Note 19.

37 CONTINGENT LIABILITIES

Under a labour collective agreement entered into in November 2002, and which has since expired in November 2007 ("2002 Agreement"), a clause was included in that agreement which obliged the group's subsidiary in Cameroon, being Hevecam Cameroon S.A. ("Hevecam"), to pay each employee a sum of money upon their retirement. This benefit was in addition to the compulsory monthly contributions made for each employee towards the State run retirement pension fund, known as CNPS.

In June 2009, management of Hevecam signed a new collective agreement ("New Agreement") for a period of 5 years which expired in 2014 ("Applicable Period"). The New Agreement includes a clause similar to the 2002 Agreement where Hevecam is required to make a lump sum payment to its employees upon their retirement during the Applicable Period. Accordingly, management has identified Hevecam's employees who are expected to retire during the Applicable Period and a full accrual for the post-employment benefits, in accordance with the terms stipulated in the New Agreement, has been made for the financial year ended 31 December 2014 and 2015. As at 31 December 2015, the accrual for such post-employment benefits by Hevecam amounted to \$2,101,000 (2014 : \$1,407,000).

The group is still in discussion with the authorities on a new collective agreement.

Accrual has been made for the employees expected to retire in the next five years. No accrual is made for the remaining employees not expected to retire in the next five years as management is confident that it would be successful in negotiating the terms of another collective agreement (effective after the Applicable Period) to exclude the requirement to make lump sum payments to its employees upon retirement.

With regards to employees retiring post 2014, management will address the potential payment in the new collective agreement with the relevant government departments to seek redress or compensation accordingly. Certain information required under FRS 37 on "Provisions, Contingent Liabilities and Contingent Assets" has not been disclosed in the note as management is of the view that it is in the interest of the group.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



38 OPERATING LEASE ARRANGEMENTS

The group as a lessee

	Group
	2015 \$'000
	2014 \$'000
Minimum lease payments under operating leases and recognised as an expense in the year	2,091
	2,091

At the end of the reporting period, the group and the company have outstanding commitments under non-cancellable operating leases which fall due as follows:

	Group		Company
	2015 \$'000	2014 \$'000	2015 \$'000
			2014 \$'000
Within one year	2,091	2,091	–
In the second to fifth year inclusive	436	4,617	–
Total	2,527	6,708	–

Operating lease payments represent rentals payable by the group for certain of its office premises. Leases are negotiated for an average term of five (2014 : five) years and rentals are fixed for that period.

The group as a lessor

The group rents out its investment properties in Thailand under operating leases. Property rental income earned during the year was \$31,000 (2014 : \$30,000).

At the end of the reporting period, the group and the company have contracted with tenants for the following future minimum lease payments:

	Group		Company
	2015 \$'000	2014 \$'000	2015 \$'000
			2014 \$'000
Within one year	4	2	–
In the second to fifth year inclusive	1	3	–

NOTES TO FINANCIAL STATEMENTS

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39 DIVIDENDS

On 12 June 2014, in respect of the financial year ended 31 December 2013, a final one-tier tax exempt dividend of 0.10 cent per share (total dividend of \$7,660,000) was paid to shareholders.

No dividend has been proposed or declared in respect of the financial years ended 31 December 2014 and 2015.

40 COMPARATIVE FIGURES AND RECLASSIFICATIONS

During the financial year, the following adjustments were made:

- a) Management has elected to early adopt Amendments to FRS 16 and FRS 41: *Agriculture: Bearer Plants* as disclosed in Note 2 ahead of its effective period. Biological assets that meet the definition of bearer plants have to be accounted for under FRS 16 while agricultural produce growing on bearer plants remains within the scope of FRS 41.
- b) Management re-assessed certain items that were previously classified under administrative expenses and other operating expenses. Certain staff related costs amounting to S\$8,955,000 have been previously classified under other operating expenses. Reclassifications have thus been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain items have been restated on the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2015



40 COMPARATIVE FIGURES AND RECLASSIFICATIONS (CONT'D)

The items that were adjusted/reclassified are as follows:

	Previously reported 2014 \$'000	After Adjustment / Reclassification 2014 \$'000	Previously reported 2013 \$'000	After Adjustment / Reclassification 2013 \$'000
<u>Consolidated statement of financial position</u>				
Consumable biological asset	–	160	–	502
Inventories	95,600	98,376	144,648	151,499
Investment in associates	305,371	306,913	326,693	329,914
Retained earnings	201,848	205,892	244,570	254,133
Equity attributable to owners of the company	754,008	758,052	837,474	847,037
Non-controlling interests	38,692	39,126	52,739	53,750
<u>Consolidated statement of profit or loss and other comprehensive income</u>				
Administrative expenses	(42,586)	(51,541)		
Other operating costs	(24,780)	(20,242)		
Share of loss of associates	(3,559)	(5,238)		
Loss attributable to owners of the company	(35,062)	(40,581)		
Loss attributable to non-controlling interests	(13,184)	(13,761)		
Total comprehensive loss attributable to owners of the company	(75,806)	(81,325)		
Total comprehensive loss attributable to non-controlling interests	(15,451)	(16,028)		
Earnings per ordinary share	(0.46)	(5.30)		
<u>Consolidated statement of cash flows</u>				
Operating activities				
Loss before tax	(46,476)	(52,572)		
Adjustments for:				
Fair value loss on biological assets	–	4,417		
Share of loss of associates	3,559	5,238		

GMG GLOBAL LTD & ITS SUBSIDIARIES MAJOR PROPERTIES

AS AT 31 DECEMBER 2015

Description	Location	Tenure
Plantations covering land area of 40,992 hectares	Niete, Cameroon	50 years from 1996 plus 50 years, renewable
Factory, hospital, workshop buildings and housing complex within plantation areas	Niete, Cameroon	50 years from 1996 plus 50 years, renewable
Land for plantations covering 18,365 hectares	Kribi, Cameroon	Provisional concession received in 2012. Long term lease currently in process of finalization
Housing complex within the plantation areas	Kribi, Cameroon	Long term lease currently in process of finalization
Plantations covering land area of 45,198 hectares	Meyomessala, Cameroon	Freehold
Plantations covering land area of 1,580 hectares	Anguededou, Cote d'Ivoire	66 years leasehold from 1995
Factory buildings and housing complex within the plantation areas	Anguededou, Cote d'Ivoire	66 years leasehold from 1995
Factory buildings covering land area of 4 hectares	Dabou, Cote d'Ivoire	99 years leasehold from 2009
Factory buildings and housing complex covering land area of 6 hectares	Tanjung Tabalong, South Kalimantan	30 years leasehold from 2006
Factory buildings and housing complex covering land area of 1 hectare	Tanjung Tabalong, South Kalimantan	30 years leasehold from 2011
Factory buildings and housing complex covering land area of 12 hectares	Pontianak, West Kalimantan	30 years leasehold from 2010
Palm Plantation covering land area of 37 hectares	Songkhla, Thailand	Freehold
Bungalow covering land areas of 1 hectares	Songkhla, Thailand	Freehold
Office building covering land area of 0.12 hectares	Songkhla, Thailand	Freehold
Factory building and housing complex covering land area of 15 hectares	Yala, Thailand	Freehold
Factory building and housing complex covering land area of 17 hectares	Narathiwat, Thailand	Freehold
Factory building and housing complex covering land area of 11 hectares	Suratthani, Thailand	Freehold
Factory building and housing complex covering land area of 8 hectares	Pattani, Thailand	Freehold
Factory building and housing complex covering land area of 4 hectares	Nakornsrithammarat, Thailand	Freehold
Vacant factory building and housing complex covering land area of 17 hectares	Trang, Thailand	Freehold
Vacant factory building and housing complex covering land area of 6 hectares	Pattani, Thailand	Freehold
Vacant factory building and housing complex covering land area of 7 hectares	Nakornsrithammarat, Thailand	Freehold
Vacant factory building and housing complex covering land area of 5 hectares	Yala, Thailand	Freehold
Vacant factory building and housing complex covering land area of 3 hectares	Narathiwat, Thailand	Freehold
Vacant land area of 17 hectares	Krabi, Thailand	Freehold
Vacant land area of 6 hectares	Chantaburi, Thailand	Freehold

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2016



DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1,549	11.99	86,003	0.01
100 - 1,000	4,257	32.94	1,939,403	0.26
1,001 - 10,000	5,139	39.77	23,065,440	3.01
10,001 - 1,000,000	1,953	15.11	91,944,426	12.00
1,000,001 AND ABOVE	24	0.19	648,984,364	84.72
TOTAL	12,922	100.00	766,019,636	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SINOCHEM INTERNATIONAL (OVERSEAS) PTE. LTD.	391,593,237	51.12
2	GMG HOLDING (H.K.) LIMITED	78,133,906	10.20
3	CITIBANK NOMINEES SINGAPORE PTE LTD	29,481,718	3.85
4	DB NOMINEES (SINGAPORE) PTE LTD	26,485,709	3.46
5	RAFFLES NOMINEES (PTE) LIMITED	20,677,721	2.70
6	BANK OF SINGAPORE NOMINEES PTE. LTD.	14,545,529	1.90
7	PANWELL (PTE) LTD	12,430,283	1.62
8	NOMURA SINGAPORE LIMITED	11,849,100	1.55
9	OCBC SECURITIES PRIVATE LIMITED	11,688,320	1.53
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,255,150	0.82
11	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	5,941,000	0.78
12	PHILLIP SECURITIES PTE LTD	5,403,750	0.71
13	DBS NOMINEES (PRIVATE) LIMITED	5,201,790	0.68
14	CIMB SECURITIES (SINGAPORE) PTE. LTD.	4,907,562	0.64
15	UOB KAY HIAN PRIVATE LIMITED	3,597,127	0.47
16	GE JIANMING	3,558,380	0.46
17	SEE YONG HANG	3,112,200	0.41
18	TAN NG KUANG	3,000,000	0.39
19	DBSN SERVICES PTE. LTD.	2,902,531	0.38
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,182,448	0.28
TOTAL		642,947,461	83.95

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 14 March 2016, approximately 36.6% of the issued ordinary shares (excluding treasury shares) of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2016



Number of Shares Issued (excluding Treasury Shares)	:	766,019,636
Class of shares	:	Ordinary shares
Voting rights (excluding Treasury Shares)	:	One vote per share
Number (percentage) of Treasury Shares	:	1,565,000 (0.20%)

SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2016

	Direct Interest	Deemed Interest
Sinochem International (Overseas) Pte. Ltd.	391,593,237	Nil
Sinochem International Corporation ⁽¹⁾	Nil	391,593,237
Estate of Joseph Gondobintoro, Deceased ⁽²⁾	5	93,491,030
Jeffrey Gondobintoro ^{(3), (4), (5)}	685,355	90,564,189
Yudson Gondobintoro ^{(3), (4)}	1,320,743	90,564,189
Mieke Bintati Gondobintoro ^{(3), (4)}	920,743	90,564,189
GMG Holding (H.K.) Limited	78,133,906	Nil

Notes:

⁽¹⁾ Sinochem International Corporation is deemed interested in 391,593,237 shares, directly held by Sinochem International (Overseas) Pte. Ltd.

⁽²⁾ The Estate of Joseph Gondobintoro, deceased, is deemed interested in all the shares, direct and deemed, held by Jeffrey Gondobintoro, Yudson Gondobintoro and Mieke Bintati Gondobintoro.

⁽³⁾ Jeffrey Gondobintoro, Yudson Gondobintoro and Mieke Bintati Gondobintoro are deemed interested in 12,430,283 shares directly held by Panwell (Pte) Ltd.

⁽⁴⁾ Jeffrey Gondobintoro, Yudson Gondobintoro and Mieke Bintati Gondobintoro are deemed interested in 78,133,906 shares directly held by GMG Holding (H.K.) Limited.

⁽⁵⁾ 685,355 shares of Jeffrey Gondobintoro are held through Citibank Nominees S'pore Pte Ltd as bare trustee.

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