



P99 HOLDINGS



# SEEKING **GROWTH**

ANNUAL REPORT **2014**



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

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

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

# LETTER TO SHAREHOLDERS

## DEAR SHAREHOLDERS,

**On behalf of P99 Holdings, I would like to present an overview for the financial year ended 31 December 2014 ("FY2014").**

### OVERVIEW

In 2014, amidst the slow global recovery and challenging business environment in the region, it was tough to find good opportunities to ride on. The Company is still looking out for good business opportunities that would benefit shareholders in the long run.

### RECLAIMING PROFIT WARRANTY

Our arbitration filed with the Singapore International Arbitration Centre ("SIAC Arbitration") against Asia Brand Group Pte. Ltd. and Liu Yanlong ("Respondents") in relation to profit warranty was successful. The Company and Respondents have agreed to implement a resolution of the SIAC Arbitration which, among other things, included an interim award in terms of the draft arbitration award ("Interim Award").

This resulted in the share transfer of 44.3 million shares of P99 Holdings Limited ("Company") which the Respondents held, to third parties, who individually did not receive shares amounting to more than 5% of the Company's shares, for a gross consideration of S\$2,746,600. This was completed on 30 October 2014. We have since received the net proceeds from the share transfer of approximately S\$2,660,000 on 28 November 2014 and this issue has been resolved.

### A CLEAN SLATE

While we retain technical control over Asia Sport Alliance Pte Ltd and Pele Coffee Cultural (Beijing) Co., Ltd. after the SIAC Arbitration, the Company did not recognise any turnover and gross profit from continuing operations in FY2014. We have therefore deemed to have ceased to hold any operating business and have been classified as a cash company under Rule 1017 of the Catalist Rules with effect from 1 December 2014. The SGX-ST has granted approval on 4 December 2014 for the continued trading of our shares on the basis that the Company and its directors have undertaken to satisfy all the conditions stated in Rule 1017(1) of the Catalist Rules, subject to the Company's Sponsor monitoring the progress of the opening of the escrow account.

As such, the Company has placed approximately 90% of its total cash balance in 2 escrow accounts with Citibank. This amounts to approximately US\$5,850,000 and S\$2,485,000. In addition, we are providing monthly updates on the valuation of Company's assets and utilisation of cash; and quarterly updates of milestones in obtaining new businesses to the market via SGXNET.

### MEMORANDUM OF UNDERSTANDING WITH VERTO GROUP ENTERPRISE LTD. AND ITS TWO SHAREHOLDERS

In our quest to develop suitable and profitable new businesses for the Group, we had entered a Memorandum Of Understanding ("MOU") with Verto Group Enterprise Ltd. ("VGEL") and its two shareholders, Richard James Pearce and Thomas William David Carr on 29 July 2014. This MOU was a proposed joint venture to invest in property development projects in the United Kingdom. Mr Pearce and Mr Carr are experienced real estate developers specialising in the building of eco homes.

Under the terms of the MOU, P99 Holdings Limited (the "Company") would form a joint venture company with VGEL with a paid-up capital of approximately £1.05 million in the proportion of 60% and 40% respectively (the "JV Co") with details of contribution to be discussed by the relevant parties upon signing the MOU. The entry into the MOU was not expected to have any material effect on the net tangible assets per share and earnings per share of the Group for the financial year ended 31 December 2014.

On 27 September 2014, the MOU lapsed and the proposed JV did not materialize due to commercial reasons. The MOU was accordingly terminated with effect from 27 September 2014. The initial advances of £150,000 that the Company had extended to VGEL would be recovered in due course.

### FINANCIAL PERFORMANCE

During the year in review, no revenue was recognised. We received other operating income of S\$3,841,000 mainly due to reversal of impairment of profit warranty receivable from the arbitration award and interest and other income received from Techwin Group Limited pursuant to the settlement agreement dated 13 June 2014. Additionally, foreign exchange gain in FY2014 was S\$373,000, a reverse from the exchange loss of S\$615,000 in FY2013.

As the Group did not have any sales operation in FY2014, we did not incur any distribution and marketing expenses for the period under review. Decrease in staff

and other administrative costs during FY2014 brought our administrative expenses down by approximately S\$1,213,000 from S\$2,535,000 in FY2013 to S\$1,322,000 in FY2014. Other operating expenses declined to S\$737,000 in FY2014 compared to S\$8,493,000 in FY2013. This consisted mainly of provision for judgement award. FY2013's other operating expenses consisted mainly of impairment of profit warranty receivable. Finance costs increased to S\$17,000 for the year in review, a rise of S\$12,000 from the S\$5,000 incurred in FY2013, mainly as a result of the increase in bank costs for escrow agent fees.

Net profit obtained for FY2014 was S\$1,765,000, compared to a loss of S\$11,179,000 in FY2013.

## FINANCIAL POSITION

The Group's non-current assets decreased by approximately S\$6,000 from S\$17,000 as at 31 December 2013 to S\$11,000 as at 31 December 2014. The decrease was mainly due to the depreciation expense relating to the plant and equipment.

Other receivables and other current assets decreased from S\$6,967,000 as at 31 December 2013 to S\$374,000 as at 31 December 2014, mainly due to the repayment of exchangeable loans from Techwin Group Limited.

Other receivables and other current assets of S\$374,000 as at 31 December 2014 mainly comprised certain sums arising from the entry of a memorandum of understanding with Verto Group Enterprise Ltd in July 2014 which was subsequently terminated in September 2014.

Cash and cash equivalents for the Group increased to S\$11,304,000 as at 31 December 2014 from S\$2,312,000 as at 31 December 2013, registering a net increase of S\$8,992,000.

The Company's share capital remained constant at S\$48,540,000 as at 31 December 2014 and 31 December 2013.

Foreign currency translation reserve also remained constant at S\$3,003,000 as at 31 December 2014 and 31 December 2013 which arose from change in functional and presentation currency in FY2014.

Meanwhile, trade and other payables increased to S\$831,000 as at 31 December 2014 from S\$203,000 as at 31 December 2013.

The Group had a positive working capital of S\$10,847,000 as at 31 December 2014, as compared to S\$9,076,000 as at 31 December 2013.

## SEEKING GROWTH

We are currently in search of various opportunities that are beneficial to the Company and will actively pursue the acquisition of new operating business(es) and assets with good track record and/or good growth potential to satisfy the SGX-ST's requirements. We will update shareholders on any material developments as and when appropriate in relation to the acquisition of business(es).

Nonetheless, shareholders should note that under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements within 12 months from the time it becomes a cash company. The issuer may (through its sponsor) apply to the SGX-ST for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. The extension is subject to the issuer providing information to investors on its progress in meeting key milestones in the transaction.

In the event the issuer is unable to meet its milestones, or complete the relevant acquisition despite the extension granted, no further extension will be granted and the issuer will be required to delist and a cash exit offer in accordance with Rule 1308 of the Catalist Rules be made to its shareholders within 6 months.

## IN APPRECIATION

First, I would like to thank my fellow Directors for their commitments and services to the Company. Second, the Board welcomes on board Mr Tan Chong Huat as Non-Executive Director and Chairman of the Board with effect from 18 March 2015. The Board believes that his experience as a senior corporate lawyer where he is currently the Managing Partner and the Head of the Corporate & Securities Department at RHTLaw Taylor Wessing LLP will be a boost to our Board. His extensive directorship experiences would also be invaluable in stewarding the Company forward.

Finally, I wish to express my gratitude and appreciation to our shareholders, stakeholders, management and staff for your continued belief and support. With these backings, we derive strength to forge ahead in these challenging times.

Sincerely,

**Tan Sin Huat, Dennis**  
*Executive Director*

# BOARD OF DIRECTORS

## **Mr Tan Chong Huat**

*NON-EXECUTIVE DIRECTOR AND CHAIRMAN  
OF THE BOARD*

Mr Tan Chong Huat was appointed to the Board as Non-Executive Director and Chairman of the Board of Directors on 18 March 2015.

Mr Tan is the Managing Partner and one of the founding members of RHTLaw Taylor Wessing LLP. He is the Head of the Firm's Banking and Finance Practice, and Capital Markets Practice. He also serves as a member of the International Management Board of Taylor Wessing.

Mr Tan has extensive experience in corporate, banking and project finance law in Singapore and the region, and acted in numerous significant corporate transactions. He has been named a leading practitioner in many reputable professional publications, with a recent recognition by IFLR1000 as a "Leading Lawyer" and by Legal 500 Asia Pacific as a "Leading Individual" for Corporate and Mergers & Acquisitions.

Despite his active practice and management duties, Mr Tan continues to serve as an adjunct faculty and lecture on a regular basis. He was Associate Professor at the Law Faculty, National University of Singapore (AY 2007- 2013), Business School, National University of Singapore (AY 2008/2009) and Nanyang Business School, Nanyang Technological University (AY 2008-2012). Besides authoring two leading literature on PRC Investment laws, he has co-authored a title on Corporate Governance of Listed Companies in Singapore and is a co-editor for a new title on Corporate Governance: The Good, The Bad and The Ugly.

A Fellow with the Singapore Institute of Directors, Mr Tan sits on the boards as an independent director of Ascendas Hospitality Fund Management Pte Ltd, Ascendas Hospitality Trust Management Pte Ltd, SIIC Environment Holdings Ltd and as a non-executive chairman of Ramba Energy Limited.

The Financial Planning Association of Singapore has also recently conferred on Mr Tan an honorary membership.

Mr Tan is also active in public service and charity work. He is currently a council member of the Football Association of Singapore and the Singapore Road Safety Council. He also sits as a Lay Person on the Institute of Singapore Chartered Accountants' Investigation and Disciplinary Panel. He was until recently a council member of the Corporate Governance Council set up by the Monetary Authority of Singapore and a board member of World Wide Fund for Nature (WWF) Singapore. He has also established a National University of Singapore Grant in favour of the Law Faculty under the name of his deceased father.

## **Mr Tan Sin Huat, Dennis**

*EXECUTIVE DIRECTOR*

Mr Tan Sin Huat, Dennis joined the Company in May 2011 and was appointed as Executive Director in August 2011.

Mr Tan serves on the Boards of Chasen Holdings Ltd., and Renewable Energy Asia Group Ltd.

He holds a Master of Business Administration from the Nanyang Technological University, Singapore, and a Bachelor of Arts from the National University of Singapore. He also holds a postgraduate certificate in Organisational Leadership and Executive Coaching from the Civil Service Institute, Singapore and the Lancaster University Management School, United Kingdom respectively.

## **Mr Azman Hisham Bin Jaafar**

### *NON-EXECUTIVE NON-INDEPENDENT DIRECTOR*

Mr Azman Hisham Bin Jaafar was appointed to the Board as Non-Executive Non-Independent Director in June 2012. He serves as a member of the Audit Committee and Remuneration Committee.

Mr Azman is an Advocate & Solicitor, and Partner of RHTLaw Taylor Wessing LLP, heading the firm's Corporate Practice. He has advised and represented clients in numerous transactions involving mergers and acquisitions, energy and resources, and oil and gas transactions in Singapore, China and Indonesia. He is a guest tutor at the National University of Singapore Law Faculty's Legal Case Studies programme. He is also a regular speaker at seminars on mergers and acquisitions, initial public offerings and regulatory compliance in Singapore and Indonesia. Mr Azman was named AsiaLaw Leading Lawyers 2009 — Capital Markets/Corporate Finance and Corporate Governance.

He also serves as Independent Director of Epicentre Holdings Limited.

In 2007, Mr Azman was awarded a Public Service Medal (Pingat Bakti Masyarakat, PBM) by the President of the Republic of Singapore in recognition of his contribution as a councillor with Northeast Community Development Council, from which he received a Long Service Award. He obtained LL.B (Hons) from the National University of Singapore.

## **Mr Tan Gim Soo**

### *INDEPENDENT NON-EXECUTIVE DIRECTOR*

Mr Tan Gim Soo was appointed to the Board as Non-Executive Independent Director in May 2011. He serves as Chairman of the Nominating and Audit Committees and member of the Remuneration Committee.

Mr Tan has more than 40 years of experience in accounting, auditing and taxation work, and is the Senior partner of G.S. Tan & Co., a public accounting firm which he set up in 1976. Prior to that, Mr Tan was an executive director of a group of trading companies between 1974 and 1976. He is a Fellow of the Institute of Chartered Accountants in England and Wales, and Fellow of the Institute of Singapore Chartered Accountants, and a member of the Singapore Institute of Directors. He also serves as an independent director of three other listed companies, namely China Yongsheng Limited, Enviro-Hub Holding Ltd and SIIC Environment Holdings Ltd.

## **Mr Lim Cheng Kee**

### *INDEPENDENT NON-EXECUTIVE DIRECTOR*

Mr Lim Cheng Kee was appointed to the Board in August 2008. He serves as Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee.

Mr Lim has 30 years of working experience in the banking industry from 1978 to 2008. They include 10 years at Industrial & Commercial Bank Limited, four years at Security Pacific National Bank, three years at The Nikko Merchant Bank (Singapore) Limited and 13 years at Agricultural Bank of China, Singapore Branch as Head of Finance and operations. Mr Lim was responsible for the accounting, financial management, taxation, compliance and other operational functions of the banks.

Mr Lim retired from the Agricultural Bank of China, Singapore Branch in June 2008 and is currently a financial management consultant in a private investment company. He is an independent director of two other listed companies, namely Fujian Zhenyun Plastic Industry Co Ltd and Fuxing China Group Ltd.

Mr Lim graduated with a Bachelor of Commerce (Accountancy) from the former Nanyang University, Singapore in 1978 and he is a Fellow member (FCA) of the Institute of Singapore Chartered Accountants.

# KEY MANAGEMENT

## **Mr Chew Choy Seng**

*CHIEF FINANCIAL OFFICER*

Mr Chew Choy Seng was appointed as Chief Financial Officer in December 2013. He is responsible for the Group's overall financial management, internal controls and compliance requirements of the Group.

Mr Chew has over 30 years of experience in diversified industries and has held various senior positions in German MNCs like Siemens, Peiniger and Westfalia as well as public-listed companies like Compact Metal Industries Limited and Chasen Holdings Limited.

He is an Associate Member of the Chartered Institute of Management Accountants and the Institute of Singapore Chartered Accountants.

# CORPORATE INFORMATION

## Board Of Directors

Mr Tan Chong Huat  
*(Non-Executive Director and Chairman of the Board)*  
(Appointed on 18 March 2015)

Mr Tan Sin Huat, Dennis  
*(Executive Director)*

Mr Azman Hisham Bin Jaafar  
*(Non-Executive Non-Independent Director)*

Mr Tan Gim Soo  
*(Independent Non-Executive Director)*

Mr Lim Cheng Kee  
*(Independent Non-Executive Director)*

## Audit Committee

Mr Tan Gim Soo *(Chairman)*

Mr Lim Cheng Kee

Mr Azman Hisham Bin Jaafar

## Nominating Committee

Mr Tan Gim Soo *(Chairman)*

Mr Lim Cheng Kee

Mr Tan Sin Huat, Dennis

## Remuneration Committee

Mr Lim Cheng Kee *(Chairman)*

Mr Tan Gim Soo

Mr Azman Hisham Bin Jaafar

## Company Secretary

Mr Chew Kok Liang

## Registered Office

21 Bukit Batok Crescent  
#22-77 WCEGA Tower  
Singapore 658065  
Tel: (65) 6420 6565  
Fax: (65) 6659 7095

## Share Registrar

RHT Corporate Advisory Pte Ltd  
Six Battery Road  
#10-01  
Singapore 049909

## Auditors

Moore Stephens LLP  
Public Accountants and Chartered Accountants  
10 Anson Road  
#29-15 International Plaza  
Singapore 079903

Mr Ng Chiou Gee Willy *(Partner-in-charge)*  
Appointed in FY2013

## Principal Bankers

Citibank  
8 Marina View  
#17-01 Asia Square Tower 1  
Singapore 018960



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# Corporate Governance Statement

The Board of Directors of P99 Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) is committed to setting in place corporate governance practices which are in line with recommendations of the Code of Corporate Governance 2012 (the “Code”) to provide a structure through which protection of the interest of its shareholders and enhancement of shareholders’ value and corporate transparency are met.

This statement sets out the Group’s main corporate governance practices that were in place throughout the financial year ended 31 December 2014 (“FY2014”) or which will be implemented and where appropriate, explanations are provided for deviation from the Code.

## BOARD MATTERS

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

### The Board’s Conduct of its Affairs

The Board’s primary role is to protect and enhance long-term shareholders’ value and returns. The Board meets half-yearly and as warranted by particular circumstances, as deemed appropriate by the members of the Board.

The principal functions of the Board include the following:-

- provides entrepreneurial leadership, sets strategic directions, and ensures proper conduct of the Company’s business;
- provides the overall strategy of the Group;
- establishes a framework of prudent and effective controls which enables risks to be assessed and managed;
- identifies the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- reviews Management performance;
- sets the Company’s values and standards, and ensures that obligations to shareholders and other stakeholders are understood and met; and
- considers sustainability issues e.g. environmental and social factors, as part of its strategic formulation.

### Board Processes

To assist in the execution of its responsibilities, the Board is supported by three Board Committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee, which would make recommendations to the Board. These Board Committees have their own defined terms of references and operating procedures, and play an important role in ensuring good corporate governance in the Company and within the Group. The Company has taken steps to ensure participation of all Directors when selecting Directors to the three Board Committees so as to maximise their effectiveness. All Board Committees are headed by Independent Directors.

## Corporate Governance Statement

The number of Board and Board Committees meetings held and attended by each Board member for FY2014 is set out as follows:

Name	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
Tan Sin Huat, Dennis	5	5	2*	2*	1	1	1*	1*
Tan Gim Soo	5	5	2	2	1	1	1	1
Lim Cheng Kee	5	5	2	2	1	1	1	1
Azman Hisham Bin Jaafar	5	4	2	2	1*	1*	1	1
Tan Chong Huat <sup>(1)</sup>	-	-	-	-	-	-	-	-

(1) Appointed as the Non-Executive Director and Chairman of the Board on 18 March 2015

\* By invitation

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board and Board Committees meet regularly and as warranted by particular circumstances, as deemed appropriate by the Board and Board Committees members. The Company's Articles of Association provide for the Directors to participate in Board or any Board Committees meetings by means of telephonic conference or such other manner as the Board may determine to facilitate Board participation.

The Directors are encouraged to attend seminars which are aimed at providing them with the latest updates on changes in the relevant regulations, accounting standards, corporate governance practices and guidelines from the Singapore Exchange Securities Trading Limited ("SGX-ST") that affect the Company and/or the Directors at the Company's expense so as to enable them to better discharge their duties and responsibilities.

Management would conduct briefings and orientation programmes to familiarise newly appointed Directors with the various businesses, operations and processes of the Group as well as the corporate governance practices and disclosure policies. Upon appointment, the newly appointed Director will be provided with a formal letter setting out his duties and responsibilities.

### Matters Requiring Board Approval

As an added control mechanism, the Company has identified the following areas for which the Board's approval must be sought:-

- Approval of announcements (including but not limited to half-year and full-year results announcements) for release to the SGX-ST;
- Approval of the annual reports and audited financial statements;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets; and
- Approval of major investment and funding decisions.

# Corporate Governance Statement

## BOARD COMPOSITION AND BALANCE

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

### Board Composition

The current Board comprises five members, the majority of whom are Non-Executive Directors, including two who are Independent Directors. The Directors of the Company are:-

#### Non-Executive Chairman

Tan Chong Huat (appointed with effect from 18 March 2015)

#### Executive Director

Tan Sin Huat, Dennis

#### Non-Executive Director

Azman Hisham Bin Jaafar

#### Independent Directors

Tan Gim Soo  
Lim Cheng Kee

The Board considers an "Independent" Director as one who has no relationship with the Company, its related companies, shareholders who have an interest of at least 10% of the Company's total voting shares, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement of the Group's affairs.

The independence of each Director is reviewed annually by the Nominating Committee in accordance with the Code's definition of independence. Each Director is required to complete a "Confirmation of Independence" form to confirm his independence. The said form, which was drawn up based on the definitions and guidelines set forth in Guideline 2.3 in the Code and the Guidebook for Audit Committee in Singapore issued by Audit Committee Guidance Committee ("Guidebook") in October 2008, requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code.

The Nominating Committee has reviewed the forms completed by each Director and is satisfied that at least one-third of the Board comprises Independent Directors. The Board examines its size and after taking into account the nature and scope of the Group's operations, the Board is of the opinion that the current Board size and composition, with diversified background and experience in core competencies such as finance, accounting, legal, business management, industry knowledge and strategic planning, is appropriate and effective to ensure the balance of power and authority to facilitate effective decision making.

The Board noted that the Company is required to comply with the requirements for independent directors to make up at least half of the Board and should also appoint a lead independent director where the Chairman is not an independent director of the Company. In this respect, the Company is in the midst of making arrangements to change the board composition.

The Non-Executive and Independent Directors participate actively during Board meetings and would constructively challenge and help develop proposals on strategy and will review performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

# Corporate Governance Statement

The Nominating Committee is of the view that the Board comprises Directors who have the appropriate mix of expertise and experience, and collectively possess the necessary core competencies to function effectively and make informed decisions in overseeing the Group's business. The Company will continue to review its Board composition with a view to enhance corporate governance practices taking into account proposed changes (if any) to the Code.

The Non-Executive and Independent Directors are encouraged to meet without the presence of the Management so as to facilitate a more effective check on Management.

None of the Independent Directors has served on the Board beyond nine years from the date of his appointment.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

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

The Company has appointed Tan Chong Huat, who is a Non-Executive Director, as the Chairman of the Board of Directors with effect from 18 March 2015. As the Chairman of the Board, Tan Chong Huat will assume responsibility to:-

- (a) Chart the strategic direction of the Group;
- (b) Set the Board meeting agendas and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) Lead the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- (d) Promote a culture of openness and debate at the Board;
- (e) Ensure that the Directors receive complete, adequate and timely information;
- (f) Ensure effective communication with shareholders;
- (g) Encourage constructive relations within the Board and between the Board and Management;
- (h) Facilitate the effective contribution of Non-Executive Directors in particular; and
- (i) Promote high standards of corporate governance.

## **Role of the CEO**

As the highest ranking executive officer of the Group, the CEO would be responsible for the effective management and supervision of daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board. The position of the CEO is currently vacant. In the interim period, Tan Sin Huat, Dennis has undertaken the role of CEO.

Although Tan Chong Huat, the Chairman of the Board is the sibling of Tan Sin Huat, Dennis, the Interim CEO, the Board is of the opinion that the process of decision making by the Board has been independent and has been based on collective decisions without any individual or small group of individuals dominating the Board's decision making.

The Board is in the midst of making arrangements to appoint the lead independent director who would be available to shareholders where they have concerns which contact through the normal channels of the Chairman, CEO or CFO has failed to resolve or for which such contact is inappropriate.

Although the Company has yet to appoint a lead independent director, the Independent Directors are encouraged to meet periodically without the presence of the other Directors, and provide feedback to the Chairman after such meetings.

# Corporate Governance Statement

## BOARD MEMBERSHIP

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

The Nominating Committee (“NC”) comprises three members, the majority of whom, including the Chairman of the NC, are Independent Directors. The members of the NC are:-

Tan Gim Soo (Chairman)  
Lim Cheng Kee (Member)  
Tan Sin Huat, Dennis (Member)

The NC is governed by its written terms of reference.

The NC makes recommendation to the Board on all nominations for appointment and re-election of Directors to the Board. It ascertains the independence of Directors and evaluates the Board’s performance annually. The NC assesses the independence of Directors based on the guidelines set out in the Code, the Guidebook and any other salient factors.

Following its annual review, the NC has affirmed the independence of Tan Gim Soo and Lim Cheng Kee. The NC, in recommending the nomination of any director for a re-election, considers the contribution of the Director, which includes his attendance record, overall participation, expertise, strategic vision, business judgement and sense of accountability.

The NC ensures that the Board and its Board Committees members are best suited for their respective appointments and are able to discharge their responsibilities as such members of the Board and/or Board Committees. In addition, the selection of Directors requires careful assessment to ensure there is an equitable distribution of responsibilities among the Directors. The NC also reviews the board succession plans for Directors, in particular, the Chairman and for the CEO.

There is no alternate director on the Board. In the nomination and selection process, the NC reviews the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Board members, so as to identify desirable competencies for a particular appointment. In doing so, it strives to source for candidates who possess the skills and experience that will further strengthen the Board, and are able to contribute to the Company in relevant strategic business areas, in line with the growth and development of the Group.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple listed company Board representations, and therefore, there is presently no need to set a maximum number of listed company board representation.

In addition, the NC would review, as and when circumstances require, to arrange for training and professional development programs for the Board.

Pursuant to the Company’s Articles of Association, every Director must retire from office at least once every three years by rotation and a Director appointed during the year shall retire at the Annual General Meeting following his appointment. Directors who retire are eligible to offer themselves for re-election. The CEO, as a Director, is subject to the same retirement by rotation provisions as the other Directors and such provisions will not be subject to any contractual terms that he may have entered into with the Company. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

The NC has reviewed and recommended the re-election of Azman Hisham Bin Jaafar and Tan Chong Huat as well as re-appointment of Tan Gim Soo who are retiring at the forthcoming Annual General Meeting to be held on 22 April 2015 (the “forthcoming AGM”). Azman Hisham Bin Jaafar will, upon re-election as a Director, remain as a member of the Audit and Remuneration Committees; Tan Chong Huat will, upon re-election as a Director, remain as a Non-Executive Director and Chairman of the Board; and Tan Gim Soo will, upon re-appointment as a Director pursuant to Section 153(6) of the Companies Act, remain as an Independent Director, the Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee. The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election.

## Corporate Governance Statement

Where a vacancy arises, the NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. Thereafter, the NC will recommend the candidate to the Board for approval. Under the Articles of Association of the Company, a newly-appointed Director shall retire at the AGM following his appointment and he shall be eligible for re-election.

Key information regarding the Directors are set out below:

<b>Name of Director</b>	<b>Date of First Appointment</b>	<b>Date of Last Re-election</b>	<b>Relationships with directors, the Company or shareholders who holds 10% and above</b>	<b>Present Directorships and Chairmanships in Other Listed Companies and Other Principal Commitments</b>	<b>Directorships and Chairmanships in Other Listed Companies and Other Principal Commitments over the preceding three years</b>
Tan Sin Huat, Dennis	5 May 2011	23 April 2014	Is a brother of Tan Chong Huat, who is a Director and substantial shareholder of the Company	<u>Listed Companies</u> 1. Chasen Holdings Limited 2. Renewable Energy Asia Group Ltd	<u>Listed Companies</u> 1. Swing Media Technology Group Limited 2. Hartawan Holdings Ltd
Tan Gim Soo	5 May 2011	23 April 2014 (to be re-elected at the forthcoming AGM pursuant to Section 153(6) of the Companies Act)	–	<u>Listed Companies</u> 1. SIIC Environment Holdings Ltd 2. China Yongsheng Ltd 3. Enviro-Hub Holdings Ltd	<u>Listed Companies</u> 1. Juken Technology Ltd
Lim Cheng Kee	21 August 2008	26 April 2013	–	<u>Listed Companies</u> 1. Fujian Zhenyun Plastics Industry Co., Ltd. 2. Fuxing China Group Limited	Nil
Azman Hisham Bin Jaafar	12 June 2012	26 April 2013 (to be re-elected at the forthcoming AGM)	–	<u>Listed Companies</u> 1. Epicentre Holdings Limited	<u>Listed Companies</u> 1. Cedar Strategic Holdings Ltd.
Tan Chong Huat <sup>(1)</sup>	18 March 2015	To be re-elected at the forthcoming AGM)	Is a substantial shareholder and brother of Tan Sin Huat, Dennis.	<u>Listed Companies</u> 1. Ramba Energy Ltd 2. SIIC Environment Holdings Ltd  <u>Other Principal Commitment</u> Managing Partner of RHTLaw Taylor Wessing LLP	<u>Listed Companies</u> 1. P99 Holdings Limited 2. Luye Pharma Group Ltd

(1) Appointed on 18 March 2015

# Corporate Governance Statement

## BOARD PERFORMANCE

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

In line with the principles of good corporate governance, the NC had implemented an annual performance evaluation process to assess the effectiveness of the Board as a whole. Each Director completes an evaluation form to assess the overall effectiveness of the Board as a whole. The appraisal process focuses on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, communication with Management and Directors' standards of conduct. The purpose of the evaluation process is to increase the overall effectiveness of the Board. The NC has decided unanimously, that the Directors will not be evaluated individually but factors taken into consideration for their re-nomination are the extent of their attendance, participation and contribution in the proceedings of the meetings. The results of the evaluation are used constructively by the NC to identify areas of improvements and recommend to the Board the appropriate action. No external facilitator has been used for the purpose of Board assessment in FY2014.

The NC, in considering the re-appointment of a Director, would consider the attendance record at meetings of the Board and/or Board Committees, the candour in the proceedings at meetings and the quality of contributions made.

## ACCESS TO INFORMATION

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

To allow Directors sufficient time to prepare for the meetings, all Board and Board Committees papers are distributed to members of the Board and Board Committees prior to its meetings. The Management's proposals to the Board and Board Committees for decisions provide background and explanatory information which include copies of disclosure documents, budgets, forecasts, monthly internal financial statements. In respect of budgets, any material variance between the projection and actual results would be disclosed and explained.

This facilitates meaningful, deliberated discussions to focus on questions that the Directors may have. The Directors are given separate and independent access to the Group's Management and the Company Secretary to address any enquiries at all times or requests for additional information, if necessary, in a timely manner.

The calendar of Board and Board Committees meetings are planned a year in advance. Draft agendas for meetings of the Board and Board Committees are also circulated in advance to the respective Chairman of the Board and Board Committees, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

The Company Secretary and/or his representatives attend Board and Board Committees meetings and assist the respective Chairman of the Board and Board Committees meetings in ensuring that proper Board procedures at such meetings are followed so that the Board and Board Committees function effectively. Together with the Management, they assist the Directors in ensuring that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore, the Listing Manual Section B: Rules of Catalist ("Rules of Catalist") of the SGX-ST and other relevant rules and regulations that are applicable to the Company. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

Directors may seek professional advice in furtherance of their duties and the costs will be borne by the Company.



# Corporate Governance Statement

## REMUNERATION MATTERS

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

The Remuneration Committee (“RC”) comprises three members, all of whom are Non-Executive Directors and the majority of whom, including the Chairman of the RC, are Independent Directors. The members of the RC are:-

Lim Cheng Kee (Chairman)  
Tan Gim Soo (Member)  
Azman Hisham Bin Jaafar (Member)

The RC is governed by its written terms of reference. The RC has reviewed the framework of remuneration for the Directors and key management personnel, and determined specific remuneration packages for each Executive Director and key management personnel. The recommendations of the RC are submitted for endorsement by the entire Board.

All aspects of remuneration, including but not limited to Directors’ fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind are reviewed by the RC. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The RC is also empowered to review the framework governing the compensation of key management personnel of the Group. The RC has full authority to engage any external independent professional at the Company’s expense to advise on matters relating to remuneration as and when the need arises.

The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the Group successfully but the Company should avoid paying more than is necessary for this purpose. In structuring and reviewing the Directors’ remuneration packages, the RC seeks to align interests of Directors with those of shareholders as well as to promote the long-term success of the Company and link rewards to corporate and individual performance as well as roles and responsibilities of each Director.

The remuneration of Non-Executive Directors will also be reviewed to ensure that their remuneration commensurate with the contribution, effort and time spent, and the responsibilities of each Non-Executive Director.

The Directors’ fees to be paid to Directors are subject to shareholders’ approval at the forthcoming AGM on 22 April 2015.

The RC will review the Company’s obligations of the service agreements of the Executive Director and key management personnel that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

## LEVEL AND MIX OF REMUNERATION

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

In setting remuneration packages, the RC will take into account the competitiveness of the remuneration packages as compared to the market norms, the Group’s performance as well as the contribution and performance of each Director.

The Non-Executive and Independent Directors receive Directors’ fees in accordance with their contributions, taking into account factors such as effort and time spent in fulfilment of their duties and the need to pay competitive fees to attract, retain and motivate the Directors. Independent Directors should not be over-compensated to the extent that their independence may be compromised.

## Corporate Governance Statement

The remuneration for the Executive Director and key management personnel comprise a basic salary component and a variable component, namely, the annual bonus. The Company has renewed the service agreement with its Executive Director, Tan Sin Huat, Dennis under the same terms and conditions, for a period of three years, and the service agreement does not contain onerous removal clauses and are subject to review by the RC.

This agreement currently provides for performance-related elements of remuneration. The service agreement is renewable unless terminated by either party by not less than six months' notice in writing. The RC is responsible for the review of compensation commitments in the service agreement, if any, in the event of early termination.

The RC may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

### DISCLOSURE OF REMUNERATION

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

The breakdown (in percentage terms) of each Directors' and key management personnel's remuneration for FY2014 are as follows:

	Fees %	Salary %	Bonus %	Others %	Total %
<b>Directors</b>					
<b>S\$250,000 to S\$500,000</b>					
Tan Sin Huat, Dennis	2	85	13	–	100
<b>Below S\$250,000</b>					
Tan Gim Soo	100	–	–	–	100
Lim Cheng Kee	100	–	–	–	100
Azman Hisham Bin Jaafar	100	–	–	–	100
Tan Chong Huat <sup>(1)</sup>	–	–	–	–	–
	Fees %	Salary %	Bonus %	Others %	Total %
<b>Key Management Personnel</b>					
<b>Below S\$250,000</b>					
Chew Choy Seng	–	85	15	–	100

(1) Mr Tan Chong Huat was appointed on 18 March 2015

Based on the bands established above, save for Tan Sin Huat, Dennis, the remuneration of the Directors and key management personnel (who is not a director or CEO) is below S\$250,000. However, due to the highly competitive market, the Company believes it is unwise to disclose the breakdown of the remuneration of the Directors and the key management personnel.

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

## Corporate Governance Statement

The RC has reviewed and approved the remuneration packages of the Directors and key management personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Directors and key management personnel are adequately but not excessively remunerated. The Company will consider and deliberate on the performance conditions to which entitlement to short term and long term incentive schemes are subject and make the necessary disclosures, if any.

The Company does not have long-term incentive schemes such as employee share options scheme or share schemes.

There are no termination, retirement and post-employment benefits granted in FY2014.

### ACCOUNTABILITY AND AUDIT

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

The Board understands its accountability to the shareholders on the Group's position and performance. In this respect, in the discharge of its duties to the shareholders, the Board, when presenting annual audited financial statements and half yearly results announcements, seeks to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. For interim financial statements, the Board provides a negative assurance confirmation to shareholders, in line with Rule 705(5) of the Rules of Catalist of SGX-ST. Management currently provides the Board with relevant information on the Group's performance, financial position and prospects on a regular basis.

As disclosed in its annual report for the financial year ended 31 December 2013, the Company was of the view that it no longer has control over and had since 30 September 2013 deconsolidated the financial statements of Asia Sport Alliance Pte Ltd ("ASA") and its subsidiary (collectively, the "ASA Group"). During the financial year ended 31 December 2014, the sole director of ASA, the intermediate holding company of Pele Coffee Cultural (Beijing) Co., Ltd ("Pele"), was replaced by the Company's Executive Director, Tan Sin Huat Dennis. In this regard, the Directors of the Company considered that the Company has now effective control over ASA, and accordingly, the Company reconsolidated ASA during the year.

The Company wishes to highlight that:

1. The Company and ASA (the "Group") continues to have no control over Pele.
2. The Group has no substantive power to direct the business of Pele due to significant operational barriers that prevent the Group from exercising its rights over Pele, including the lack of available information and expertise over the business of Pele.
3. The re-consolidation of ASA has no material impact to the Group as ASA is an investment holding company with no significant assets or liabilities except for the provision for the judgement award disclosed in Note 20 to the audited financial statements ended 31 December 2014.

As disclosed in its announcement on 1 December 2014, following the issuance of the Consent Final Award and the Completion, notwithstanding that the Company is the legal owner of ASA Group, the Company has ceased to have any operating business and is subject to the requirements of a cash company under Rule 1017 of the Listing Manual Section B: Rules of Catalist of SGX-ST. In this respect, the Company opened 2 escrow accounts with Citibank, N.A. Singapore Branch and 90% of the cash balance of the Company has been deposited into the said escrow accounts.

The Company is currently considering various options and will be actively pursuing the acquisition of new operating business(es) and assets with proven track record and/or good growth potential to satisfy the SGX-ST's requirements. The Company's Management continues to oversee the affairs of the Company (including periodic reporting requirements pursuant to Rule 1017(b) of the Listing Manual Section B: Rules of Catalist of SGX-ST). The Company will update shareholders on material developments as and when appropriate in relation to the acquisition of business(es).

# Corporate Governance Statement

## RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board understands the importance of maintaining an effective risk management and internal controls system, with a clearly defined management structure, roles and responsibilities, and delegation of functions to safeguard the Group's assets. The Board acknowledges that no cost-effective risk management and internal control system will preclude all errors and irregularities. Any system of internal controls is designed to mitigate rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss, occurrence of errors, poor judgement in decision making, fraud or other irregularities. The internal controls in place will address financial, operational compliance and information technology controls, and risk management systems, and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, and that assets are safeguarded.

The Board of Directors and the Audit Committee ("AC") have reviewed the adequacy of the Group's internal controls addressing its financial, operational and compliance risks, relying on reports from the external auditors and Management's representation letter. As part of the annual statutory audit of the financial statements, the external auditors will highlight any material weaknesses in financial controls over the areas that are significant to the audit. Such material internal control weaknesses noted during their audit and recommendations, if any, by the external auditors are reported to the AC. The AC will follow up on the actions taken by the Management in response to the recommendations made by the external auditors.

The Board has received assurance from the Executive Director and Chief Financial Officer that, the financial records for FY2014, have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the Company's risk management and internal control systems are sufficiently effective.

The Directors have received and considered the management representation letter from the Executive Director and Chief Financial Officer of the Company in relation to the financial information for FY2014.

Based on the work performed by external auditor reviews performed by the Management and representation letters from the Executive Director and Chief Financial Officer, the Board of Directors with the concurrence of the AC, is of the opinion that internal controls of the Group to address the financial, operational (including information technology), and compliance risks, and risk management systems are effective and adequate for FY2014.

## AUDIT COMMITTEE

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

The AC comprises three members, all of whom are Non-Executive Directors and the majority of whom, including the Chairman of the AC, are Independent Directors. The members of the AC are:-

Tan Gim Soo (Chairman)  
Lim Cheng Kee (Member)  
Azman Hisham Bin Jaafar (Member)

The members of the AC are appropriately qualified, having the necessary experience in business management, finance and legal services. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions.

The AC is governed by its written terms of reference and used as a reference to assist the AC in discharging its responsibilities and duties.

## Corporate Governance Statement

The AC will focus principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial process, internal controls and the audit function. The functions of the AC include, *inter alia*, the following:

### (a) Financial Reporting

The AC reviews the half-yearly and annual results announcements, as well as monthly announcements pursuant to Rule 1017 announcements with Management and external auditors before submission to the Board for approval, focusing in particular on significant financial reporting issues and judgements; changes in accounting policies and practices, major risk areas; significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist of the SGX-ST and any other relevant statutory or regulatory requirements.

### (b) External Audit

The AC reviews, with the external auditors, the audit plans, the audit report and Management's response and actions to correct any noted deficiencies; to discuss problems and concerns, if any, arising from the review and audits; to review the independence and objectivity of the external auditors annually; to recommend to the Board the appointment, re-appointment or removal of the external auditors; and to approve the remuneration and terms of engagement of the external auditors.

### (c) Internal Audit

The AC will ensure that the internal audit function is adequately resourced and has appropriate standing within the Group by outsourcing to a reputable accounting/auditing firm, and will review and ensure the adequacy and effectiveness of the internal audit annually. The AC will also review the adequacy of the Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems annually.

### (d) Interested Person Transactions

The AC regularly reviews if the Group will be entering into any interested person transactions ("IPTs") to ensure that the Group complies with the requisite rules under Chapter 9 of the Rules of Catalist of the SGX-ST.

### (e) Whistle-blowing

The AC reviews arrangements by which staff of the Company and of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow up actions.

The Group has implemented a whistle-blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

To-date, no reports have been received through the whistle-blowing mechanism.

In July 2010, the Singapore Exchange Limited and Accounting and Corporate Regulatory Authority launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance.

## Corporate Governance Statement

The following aggregate amount of fees are payable to Moore Stephens LLP, the external auditors, for FY2014:-

<b>Services</b>	<b>Amount (S\$)</b>
Audit service	40,000
Non-audit service	0
Total	<u>40,000</u>

The Company has complied with Rule 715 of the Rules of Catalist of the SGX-ST as Moore Stephens LLP is engaged as the external auditors for the Company and all its subsidiaries for the purposes of the consolidated financial statements of the Company and its subsidiaries.

The AC has direct access to the external auditors and met with them without the presence of Management for FY2014. Going forward, the AC will also have direct access to the internal auditors and will meet with them without the presence of the Management.

The AC has also undertaken a review of the independence and objectivity of the external auditors. The AC is satisfied that the external auditors are independent and the external auditors had also provided a confirmation of their independence to the AC. The AC had assessed the external auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. Accordingly, the AC is satisfied that Rule 712 of the Rules of Catalist of the SGX-ST is complied with and has recommended to the Board of Directors, the nomination of the external auditors for re-appointment at the forthcoming AGM.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and full cooperation of the Management and also full discretion to invite any Director or key management personnel to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC has reviewed all IPTs during FY2014 and is of the opinion that Chapter 9 of the Rules of Catalist of the SGX-ST has been complied with.

In the event that a member of the AC is deemed interested/interested in any matter being considered by the AC, he will abstain from participating in the proceedings in relation to that particular transaction and will not vote on that particular resolution.

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

### INTERNAL AUDIT

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

The Company appointed PricewaterhouseCoopers LLP on 26 December 2012 to perform an internal controls review and would assess the need to resume internal audit once it has operating business. The size and current operations of the Company does not warrant the Company having an in-house internal audit function. However, the Company acknowledges the need to establish an internal audit function once it has operating subsidiary(ies).

# Corporate Governance Statement

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

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

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

In line with the continuous disclosure obligations of the Group, the Company is committed to engage in regular and effective communication with shareholders. It is the Board's policy that shareholders are informed of all major developments that may have an impact on the Group. Information is communicated to shareholders on a timely basis and is made through:

- (i) annual reports that are prepared and issued to all shareholders;
- (ii) half-yearly results announcements;
- (ii) circulars and notices issued to all shareholders; and
- (iii) disclosures to the shareholders via SGXNET.

The Company does not practice selective disclosure as all material and price-sensitive information are released through SGXNET.

The shareholders are encouraged to attend the Company's general meetings to participate effectively in and vote at general meetings of shareholders to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans and establish and maintain regular dialogue between the Company and shareholders, to gather views or inputs, and address shareholders' concerns. The chairpersons and/or members of the Board, AC, RC and NC and the external auditors are normally available at the shareholders' meetings to address any shareholders' queries, including those relating to the conduct of audit and the preparation and content of the auditors' report. The Board will evaluate and assess whether the Company should conduct events such as analyst briefings and investor roadshows in order to gather views or input and have better understanding on shareholders' views and concerns,

If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. The Company's Memorandum and Articles of Association currently do not allow a member to appoint more than two proxies to attend and vote at the same general meeting. However, shareholders who hold shares through nominees such as custodian banks are allowed to attend general meetings as observers.

Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are available to shareholders upon their request.

The Board will evaluate and assess whether the Company will put all resolutions to vote by poll. In the event a poll is conducted, the Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

# Corporate Governance Statement

The Company has not formally instituted a dividend policy. The payment of dividend is deliberated by the Board annually having regard to various factors, including but not limited to the Group's actual and projected financial performance; projected levels of capital expenditure and other investment plans; working capital requirements and general financial conditions; and the level of the Group's cash and retained earnings. Taking into account the above factors, the Board has not recommended dividends to be paid in respect of FY2014.

## **DEALING IN SECURITIES**

In line with Rule 1204(19) of the Rules of Catalist of the SGX-ST, the Company has in place a policy prohibiting share dealings by Directors and employees of the Group for the periods commencing one month before the announcement of the Company's half year and full year financial results, ending on the date of the announcement of the relevant results, and if they are in possession of unpublished price-sensitive information of the Group.

In addition, Directors and key management personnel are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods. They are also discouraged from dealing in the Company's shares on short-term considerations.

## **RISK MANAGEMENT**

Information relating to risk management policies and processes are set out on pages 61 to 66 of this Annual Report.

## **MATERIAL CONTRACTS**

The Company did not enter into any material contracts involving the interests of any Director or controlling shareholder that were either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of FY2013.

## **INTERESTED PERSONS TRANSACTIONS**

To ensure compliance with the relevant rules under Chapter 9 of the Rules of Catalist of the SGX-ST, the Board and AC regularly reviews if the Company will be entering into any Interested Person Transactions ("IPTs") and if it does, to ensure that the Company complies with the requisite rules under Chapter 9 in that all the IPTs are conducted at arms' length and on normal commercial terms and ensuring that it will not be prejudicial to the interests of the Company and its minority shareholders.

During FY2014, the Company did not have any interested person transaction pursuant to the Chapter 9 of the Rules of Catalist of the SGX-ST.



# Corporate Governance Statement

## UPDATE ON THE USE OF PROCEEDS

As announced on 6 March 2014, the net proceeds of approximately S\$3.8 million from the placement of 28,450,000 ordinary shares which was completed on 18 March 2013 ("2013 Placement") has been utilised as follows:

<b>Use of net proceeds</b>	<b>Allocation (%)</b>	<b>Accumulated amount utilized (S\$'000)</b>	<b>Balance (S\$'000)</b>
General working capital	100%	3,150	650

The amount utilised of approximately S\$3,150,000 was for working capital, namely administrative expenses and professional fees, and is in accordance with the stated use.

The Board will make further announcements when the balance net proceeds from the 2013 Placement are materially disbursed.

## CATALIST SPONSOR

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is PrimePartners Corporate Finance Pte. Ltd. with effect from 1 July 2014.

With reference to Rule 1204(21) of the Rules of Catalist of the SGX-ST, there were no non-sponsor fees paid to the Company's sponsor for FY2014.

## NON-CONFLICT OF INTERESTS

Mr Tan Sin Huat, Dennis, Executive Director of the Company, has declared to the Directors that he is brother of Mr Tan Chong Huat, the substantial shareholder and Non-Executive Director as well as the Chairman of the Board, Managing Partner of RHTLaw Taylor Wessing LLP ("RHTLaw Taylor Wessing"), which is the beneficial shareholder of RHT Corporate Advisory Pte. Ltd. ("RHT Corporate Advisory"). We are not presently aware of any conflict of interest arising from his aforesaid roles. He abstains from any voting on any resolution where it relates to the appointment of Mr Tan Chong Huat as a Director of the Company or appointment of RHTLaw Taylor Wessing or RHT Corporate Advisory and their related companies.

Mr Azman Hisham Bin Jaafar, Non-Executive Director of the Company, has declared to the Directors that he is a Partner of RHTLaw Taylor Wessing, which is the beneficial shareholder of RHT Corporate Advisory. We are not presently aware of any conflict of interest arising from his aforesaid roles. He abstains from any voting on any resolution where it relates to the appointment of RHTLaw Taylor Wessing or RHT Corporate Advisory and their related companies.

Mr Tan Chong Huat, Non-Executive Director and Chairman of the Board, has declared to the Directors that he is brother of Mr Tan Sin Huat, Dennis, the Executive Director of the Company, and the Managing Partner of RHTLaw Taylor Wessing, which is the beneficial shareholder of RHT Corporate Advisory. We are not presently aware of any conflict of interest arising from his aforesaid roles. He abstains from any voting on any resolution where it relates to the appointment of RHTLaw Taylor Wessing or RHT Corporate Advisory and their related companies.

# Report of the Directors

31 December 2014

The directors of the Company present their report to the members together with the audited consolidated financial statements of P99 Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2014 and the audited balance sheet of the Company as at 31 December 2014.

## 1 Directors

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

Mr Tan Chong Huat	(Chairman and Non-Executive Director) - Appointed on 18.03.2015
Mr Tan Sin Huat, Dennis	(Executive Director)
Mr Azman Hisham Bin Jaafar	(Non-Executive and Non-Independent Director)
Mr Tan Gim Soo	(Independent Non-Executive Director)
Mr Lim Cheng Kee	(Independent Non-Executive Director)

## 2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

## 3 Directors' Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 as at the beginning of the year, the end of the year and 21 January 2015.

## 4 Directors' Contractual Benefits

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

## 5 Share Options

### Options Granted

During the financial year, there were no share options granted by the Company or its subsidiaries.

### Options Exercised

During the financial year, there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

### Options Outstanding

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

# Report of the Directors

31 December 2014

## 6 Audit Committee

The Audit Committee (“AC”) comprises three members, all of whom are Non-Executive and the majority of whom, including the Chairman of AC, are Independent Directors. The members of the AC at the date of this report are as follows:

Tan Gim Soo (Chairman)  
Lim Cheng Kee  
Azman Hisham Bin Jaafar

The AC has performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, which include the following:

- (a) Reviews the audit plans of the external auditors of the Company, and reviews the external auditor’s evaluation of the adequacy of the Company’s system of internal accounting controls (to the extent as required by the statutory audit) and the assistance given by the Company’s management to the external auditors;
- (b) Reviews the half-year and annual financial statements and the auditors’ report on the annual financial statements of the Company before their submission to the Board of Directors;
- (c) Reviews the effectiveness of the system of internal controls. The review covered all controls, including financial, operating and compliance controls, information technology controls and risk management systems via reviews carried out by the internal auditors;
- (d) Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- (e) Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- (f) Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- (g) Reviews the nature and extent of non-audit services provided by the external auditors;
- (h) Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- (i) Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate;
- (j) Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited’s Listing Manual; and
- (k) To undertake such other functions and duties as may be agreed to by the AC and the Board of Directors.

The AC 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 auditors have unrestricted access to the AC.

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

Further details regarding the AC are disclosed in the Corporate Governance Statement included in the Company’s Annual Report.

The AC has recommended to the Board of Directors the nomination of Moore Stephens LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

# Report of the Directors

31 December 2014

## 7 Independent Auditors

The auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

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TAN SIN HUAT, DENNIS  
Director

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TAN GIM SOO  
Director

Singapore  
30 March 2015

## **Statement by Directors**

31 December 2014

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company together with the notes thereon, as set out on pages 31 to 72, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

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TAN SIN HUAT, DENNIS  
Director

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TAN GIM SOO  
Director

Singapore  
30 March 2015

# Independent Auditor's Report

To the Members of P99 Holdings Limited (Incorporated in Singapore)

## Report on the Financial Statements

1. We have audited the accompanying financial statements of P99 Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 31 to 72, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

3. Our responsibility is to express an opinion on these financial statements based on 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## **Independent Auditor's Report**

To the Members of P99 Holdings Limited (Incorporated in Singapore)

**(cont'd)**

### *Basis for Qualified Opinion*

6. Our auditors' report dated 28 March 2014 expressed a qualified opinion on the financial statements of the Group for the previous financial year ended 31 December 2013. We were unable, nor were we able to perform alternative procedures, to obtain sufficient appropriate audit evidence on the revenue, cost of sales and net operating expenses amounting to RMB794,000, RMB241,000 and RMB2,978,000, respectively, of Asia Sport Alliance Pte. Ltd. and its wholly owned subsidiary, Pele Coffee Cultural (Beijing) Co., Ltd, (collectively known as the "ASA Group") for the nine months period from 1 January 2013 to 30 September 2013 that were included in the consolidated statement of comprehensive income of the Group for the previous financial year ended 31 December 2013 and the resulting loss on deconsolidation of the ASA Group of RMB282,000 (equivalent to S\$194,000) as at the end of 30 September 2013. Accordingly, we were unable to determine whether any adjustments were necessary in respect of the aforementioned amounts included in the consolidated statement of comprehensive income of the Group for the previous financial year ended 31 December 2013.

Our opinion on the current year's financial statements is also qualified because of the possible effects on the matter described above on the comparability of the current year's figures and the corresponding figures.

### *Qualified Opinion*

7. In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis of Qualified Opinion of paragraph 6, the consolidated financial statements of the Group and the balance sheet 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 state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

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

**Moore Stephens LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
30 March 2015

# Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	Note	Group	
		2014 S\$'000	2013 S\$'000
			(Restated)
Revenue	4	–	162
Cost of sales		–	(49)
Gross profit		–	113
Other income	5	3,841	1
Expenses			
Distribution and marketing		–	(260)
Administrative		(1,322)	(2,535)
Other operating expenses	6	(737)	(8,493)
Finance costs	7	(17)	(5)
<b>Profit/(Loss) before income tax</b>	8	1,765	(11,179)
Income tax	10	–	–
<b>Profit/(Loss) for the year</b>		1,765	(11,179)
<b>Other comprehensive income</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation gain		–	1,160
Reclassification adjustment relating to foreign operation deconsolidated		–	185
Other comprehensive income, net of tax		–	1,345
<b>Total comprehensive income/(loss) for the year attributable to owners of the Company</b>		1,765	(9,834)
<b>Earnings/(Loss) per share (S\$ cents)</b>			
Basic and diluted	11	0.82	(4.67)

The accompanying notes form an integral part of the financial statements



## Balance Sheets

As at 31 December 2014

	Note	Group			Company		
		2014 S\$'000	2013 S\$'000	2012 S\$'000	2014 S\$'000	2013 S\$'000	2012 S\$'000
			(Restated)	(Restated)		(Restated)	(Restated)
<b>ASSETS</b>							
<b>Non-current Assets</b>							
Investments in subsidiary companies	12	-	-	-	-	-	269
Plant and equipment	13	11	17	376	11	17	67
Intangible asset	14	-	-	-	-	-	-
		11	17	376	11	17	336
<b>Current Assets</b>							
Inventories		-	-	33	-	-	-
Other receivables and other current assets	15	374	6,967	15,228	374	6,967	14,921
Cash and bank balances	16	11,304	2,312	192	11,302	2,312	127
		11,678	9,279	15,453	11,676	9,279	15,048
<b>Total Assets</b>		11,689	9,296	15,829	11,687	9,296	15,384
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to owners of the Company</b>							
Share capital	17	48,540	48,540	44,741	48,540	48,540	44,741
Foreign currency translation reserve	18	3,003	3,003	1,658	2,891	2,891	1,747
Accumulated losses	19	(40,685)	(42,450)	(31,271)	(39,847)	(42,338)	(31,287)
<b>Total Equity</b>		10,858	9,093	15,128	11,584	9,093	15,201
<b>Current Liabilities</b>							
Other payables	20	831	203	701	103	203	183
<b>Total Liabilities</b>		831	203	701	103	203	183
<b>Total Equity and Liabilities</b>		11,689	9,296	15,829	11,687	9,296	15,384

The accompanying notes form an integral part of the financial statements

## Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2014

	Share capital S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
<b>Balance at 1 January 2014</b> (Restated)	48,540	3,003	(42,450)	9,093
Profit for the year	–	–	1,765	1,765
Other comprehensive income, net of tax	–	–	–	–
Total comprehensive income for the year	–	–	1,765	1,765
<b>Balance at 31 December 2014</b>	48,540	3,003	(40,685)	10,858
<b>Balance at 1 January 2013</b> (Restated)	44,741	1,658	(31,271)	15,128
(Loss) for the year	–	–	(11,179)	(11,179)
Other comprehensive income, net of tax				
Foreign currency translation gain	–	1,160	–	1,160
Reclassification adjustment relating to foreign operation deconsolidated	–	185	–	185
Total comprehensive (loss) for the year	–	1,345	(11,179)	(9,834)
Issue of shares (Note 17)	4,002	–	–	4,002
Share issue expense (Note 17)	(203)	–	–	(203)
<b>Balance at 31 December 2013</b> (Restated)	48,540	3,003	(42,450)	9,093

The accompanying notes form an integral part of the financial statements

# Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	2014 S\$'000	2013 S\$'000
			(Restated)
<b>Cash Flows from Operating Activities</b>			
Profit/(Loss) before income tax		1,765	(11,179)
Adjustments for:			
Allowance for impairment of profit warranty receivable		–	8,224
Reversal of allowance for impairment of profit warranty receivable		(2,658)	–
Depreciation of property, plant and equipment		11	212
Loss on deconsolidation of subsidiaries		–	194
Unrealised foreign exchange (gain)/loss		(373)	615
Interest expense		17	5
Interest income		(179)	–
Operating cash flows before working capital changes		(1,417)	(1,929)
Changes in working capital:			
Inventories		–	(6)
Other receivables and other current assets		(368)	447
Other payables		628	(139)
Cash used in operating activities		(1,157)	(1,627)
Interest paid		(17)	(5)
<b>Net cash used in operating activities</b>		<b>(1,174)</b>	<b>(1,632)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of plant and equipment		(5)	(32)
Net cash outflow on deconsolidation of subsidiaries	12	–	(15)
Settlement of exchangeable loan		6,961	–
Settlement of profit warranty receivable		2,658	–
Interest received		179	–
<b>Net cash generated from/(used in) investing activities</b>		<b>9,793</b>	<b>(47)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issuance of shares		–	4,002
Share issue expense		–	(203)
<b>Net cash generated from financing activities</b>		<b>–</b>	<b>3,799</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,619</b>	<b>2,120</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,312</b>	<b>192</b>
Effect of changes in foreign exchange rates on cash and cash equivalents		373	–
<b>Cash and cash equivalents at the end of the year</b>	16	<b>11,304</b>	<b>2,312</b>

The accompanying notes form an integral part of the financial statements

# Notes to the Financial Statements

For the financial year ended 31 December 2014

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

## 1 General Information

P99 Holdings Limited (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office is 21 Bukit Batok Crescent, #22-76/77 WCEGA Tower, Singapore 658065.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 12.

### Cash Company – Compliance with Rule 1017 of the Catalist Rules

Following the Completion of the SIAC Arbitration as disclosed in Note 15(b) and the deconsolidation of the Group's main operating subsidiary in the People's Republic of China ("PRC") since 30 September 2013, the Company ceased to have any operating business and is now subject to the requirements of a cash company under Rule 1017 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules"). Accordingly, the Company has undertaken the following in compliance with Rule 1017 of the Catalist Rules:

- Placed 90% of the Company's cash balances in an account opened with and operated by an escrow agent which is part of a financial institution;
- Provided monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business; and
- Observed any other conditions which may be imposed by the SGX-ST for its continued listing and trading of the Company's shares on Catalist.

## 2 Significant Accounting Policies

### (a) Basis of Preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

### Adoption of New/Revised FRS which are effective

The accounting policies adopted are consistent with those of the previous financial year except that, for the financial year ended 31 December 2014, the Group has adopted the following new/revised FRS that are mandatorily effective for the said year and relevant to the Group:

FRS 27 (Revised)                      *Separate Financial Statements*

FRS 27 (Revised) contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate financial statements. The adoption of FRS 27 (Revised) has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (a) Basis of Preparation (cont'd)

#### Adoption of New/Revised FRS which are effective (cont'd)

FRS 110 *Consolidated Financial Statements*

Under FRS 110, there is only one basis for consolidation for all entities, and that basis is control. This change removes the perceived inconsistency between the previous version of FRS 27 *Consolidated Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities* – FRS 27 used a control concept whilst INT FRS 12 placed greater emphasis on risks and rewards.

A more robust definition of control has been developed in FRS 110 in order to capture unintentional weakness of the definition of control set out in the previous version of FRS 27. The definition of control in FRS 110 includes three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of investor's returns.

FRS 110 requires investors to reassess whether or not they have control over their investees on transition to FRS 110. In general, FRS 110 requires retrospective application, with certain limited transition provisions. The adoption of FRS 110 did not result in any change to the control conclusions reached by the Group in respect of its involvement with other entities at the date of initial application.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joints arrangements, associates and/or unconsolidated structured entities. In general, the application of FRS 112 has resulted in more extensive disclosures in the financial statements. As this is a disclosure standard, the adoption of FRS 112 has no effect on the financial performance or the financial positions of the Group and of the Company on initial application.

#### New/Revised FRS which are issued but not yet effective

At the date of these financial statements, the following new/revised FRS that are relevant to the Group were issued but not yet effective:

Description		Effective for annual periods beginning on or after
Amendments to FRS 103	<i>Business Combinations</i>	1 July 2014
Amendments to FRS 108	<i>Operating Segments</i>	1 July 2014
Amendments to FRS 24	<i>Related Party Disclosures</i>	1 July 2014
Amendments to FRS 113	<i>Fair Value Measurement</i>	1 July 2014
Amendments to FRS 27	<i>Equity Method in Separate Financial Statements</i>	1 January 2016
FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109	<i>Financial Instruments</i>	1 January 2018

Except for FRS 115 and FRS 109 described below, management anticipates that the adoption of the other new/revised FRS above in future periods will have no material impact on the Group's financial statements in the period of initial application.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (a) Basis of Preparation (cont'd)

New/Revised FRS which are issued but not yet effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a revised framework for revenue recognition based on the following five-step approach:

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

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

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group.

FRS 109 *Financial Instruments*

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

The Group is currently evaluating the impact of the changes and assessing whether the adoption of FRS 109 will have an impact on the Group.

### (b) Consolidation

Subsidiaries

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

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

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (b) Consolidation (cont'd)

#### Subsidiaries (cont'd)

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

#### Change in ownership interests in subsidiaries without change of control

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

#### Disposal of subsidiaries

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

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (c) Foreign Currencies

#### Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Prior to 1 January 2014, the Company's functional currency was Renminbi ("RMB"). The directors of the Company have determined the functional currency of the Company to be Singapore dollar ("S\$") based on their re-assessment of the economic environment in which the Company currently operates and having considered the majority of the Company's expenses and cash flows are denominated in S\$. The change in the functional currency of the Company from RMB to S\$ has been applied prospectively with effect from 1 January 2014. All items have been translated by using the exchange rate prevailing at the date of change.

Consequent to the above, the presentation currency of the financial statements have also been changed from RMB to S\$. The directors of the Company have determined that the change in presentation currency is to better reflect the Group's current business activities and having a more appropriate presentation of the financial performance and financial positions of the Group and of the Company. The change of presentation currency of the financial statements from RMB to S\$ has been applied retrospectively. Details of the effects of the change in presentation currency are set out in Note 26.

#### Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### Translation of Group entities' financial statements

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- Income and expenses for each statements presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and



# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (c) Foreign Currencies (cont'd)

- All resulting exchange differences are recognised in other comprehensive income and accumulated in the 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), all of the accumulated exchange differences in respect of that foreign 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 not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### (d) Plant and Equipment

#### Measurement

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

#### Depreciation

Depreciation is recognised so as to write off the cost of assets less their residual values (if any) over their estimated useful lives, using the straight-line method as follows:

	<b>Estimated useful lives</b>	<b>Residual value</b>
Office equipment	4 - 5 years	0% - 10%
Computer software	5 years	10%
Renovation	1 - 3 years	0% - 10%

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

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.

#### Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### Disposal

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (e) Investments in Subsidiary Companies

Investments in subsidiary companies are carried at cost less accumulated impairment losses in the balance sheet of the Company.

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

### (f) Intangible Asset

Acquired license is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Acquired license is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line method to profit or loss over their estimated useful lives of 10 years. The amortisation period and amortisation methods are reviewed at each year end. The effects of any revision are recognised in profit or loss when the changes arise.

### (g) Impairment of Non-Financial Assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets have been impaired.

At the balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss (if any), on an individual asset.

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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Allowance for inventory obsolescence is made for obsolete or slow moving inventories.

### (i) Financial Assets

The Group classifies its financial assets as loans and receivables based on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "other receivables and other current assets" and "cash and bank balances" on the balance sheet.

#### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset has expired, or has been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset 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.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is transferred to profit or loss.

#### Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

#### Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (i) Financial Assets (cont'd)

#### Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

#### *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

### (j) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

### (k) Financial Liabilities

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

#### Other payables

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

#### Derecognition of financial liabilities

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

### (l) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (m) Revenue Recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business, net of goods and services/value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

#### Sale of goods

Revenue on the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

### (n) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contributions have been made.

#### Employee leave entitlement

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

### (o) Operating Leases

Leases of office and retail premises where substantially all the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

### (p) Income Tax

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

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (p) Income Tax (cont'd)

#### Deferred tax

Deferred tax is recognised on temporary 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax 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 associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits 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 balance sheet date 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amount of its tax assets and liabilities.

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.

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

#### Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, 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 the accounting for the business combination.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 2 Significant Accounting Policies (cont'd)

### (a) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive personnel who are responsible for allocating resources and assessing performance of the operating segments.

### (r) 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 the 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 balance sheet date, 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 the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

## 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 above, 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 judgments made in applying accounting policies

There are no critical judgements that the management has made in the process of applying the Group's accounting policies during the financial year that have the most significant effect on the amounts recognised in the financial statements, except as disclosed in Note 12 in relation to the control/deconsolidation of subsidiaries, which required management's judgement.

### Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, except as disclosed in Note 20 in relation to the provision for judgement award, which required management's estimation.

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 4 Revenue

	Group	
	2014	2013
	S\$'000	S\$'000
		(Restated)
Sale of goods	–	162

Consequent to the deconsolidation of the Group's main operating subsidiary in the PRC in 2013, the Group ceased to have any operating business and therefore no revenue was generated by the Group in 2014.

### 5 Other Operating Income

	Group	
	2014	2013
	S\$'000	S\$'000
		(Restated)
Reversal of allowance for impairment loss of profit warranty receivable (Note 23)	2,658	–
Recovery of expenses (Note 15(a))	630	–
Interest income		
- Bank	5	–
- Exchangeable loan	174	–
Unrealised foreign exchange gain	373	–
Others	1	1
	<u>3,841</u>	<u>1</u>

### 6 Other Operating Expenses

	Group	
	2014	2013
	S\$'000	S\$'000
		(Restated)
Provision for judgement award (Note 20)	700	–
Allowance for impairment loss of profit warranty receivable (Note 23)	–	8,224
Loss on deconsolidation of subsidiaries (Note 12)	–	194
Others	37	75
	<u>737</u>	<u>8,493</u>

### 7 Finance Costs

	Group	
	2014	2013
	S\$'000	S\$'000
		(Restated)
Bank charges	17	5



## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 8 Profit/(Loss) before Income Tax

This is arrived at after charging the following items:

	Group	
	2014 S\$'000	2013 S\$'000
		(Restated)
Audit fees paid/payable to:		
Auditors of the Company	40	108
Non-audit fees paid/payable to:		
Auditors of the Company	–	–
Operating lease expense	62	600
Unrealised foreign exchange loss	–	615
Depreciation of plant and equipment (Note 13)		
- Included in administrative expenses	11	212
Employee benefits (Note 9)	940	1,036

### 9 Employee Benefits

	Group	
	2014 S\$'000	2013 S\$'000
		(Restated)
Wages and salaries	912	1,001
Contribution to defined contribution plans	28	35
Total employee benefits included in administrative expenses	940	1,036

### 10 Income Tax

	Group	
	2014 S\$'000	2013 S\$'000
		(Restated)
Current income tax	–	–

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 10 Income Tax (cont'd)

A reconciliation of income tax expense and profit/(loss) before income tax multiplied by the applicable tax rates is as follows:

	Group	
	2014 S\$'000	2013 S\$'000
		(Restated)
Profit/(Loss) before income tax	1,765	(11,179)
Income tax calculated at applicable tax rates	300	(2,795)
Effect of different tax rates	–	854
Expenses not deductible for tax purposes*	121	1,941
Income not taxable for tax purposes**	(555)	–
Deferred tax assets not recognised	134	–
	–	–

\* relates mainly to the provision and various allowances for impairment loss made during the relevant years

\*\* relates mainly to the reversal of allowance for impairment loss of profit warranty receivable

The corporate income tax rate applicable to the Company is 17% (2013: 17%). For the entity of the Group operating in the PRC, the applicable tax rate used was 25%.

### 11 Earnings/(Loss) Per Share

Basic earnings/(loss) per share is calculated on the Group's profit for the year of approximately S\$1,765,000 (2013: (loss) for the year of S\$9,834,000) divided by the weighted average number of ordinary shares of approximately 216,408,000 (2013: 210,485,000) in issue during the financial year.

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there were no dilutive potential ordinary shares outstanding as at 31 December 2014 and 2013.

### 12 Investments in Subsidiary Companies

	Company	
	2014 S\$'000	2013 S\$'000
		(Restated)
Unquoted equity investments, at cost		
Balance at beginning of year	22,057	22,057
Investment written off during the year	(211)	–
	21,846	22,057
Less: Allowance for impairment loss	(21,846)	(22,057)
Balance at end of year	–	–

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 12 Investments in Subsidiary Companies (cont'd)

#### 2014

During the financial year ended 31 December 2014, the sole director of Asia Sport Alliance Pte. Ltd. ("ASA"), the intermediate holding company of Pele Coffee Cultural (Beijing) Co., Ltd, has been replaced by Mr Tan Sin Huat, Dennis, the Executive Director of the Company. In this regard, the directors of the Company has considered the Company has effective control over ASA, and accordingly, ASA was re consolidated during the year. However, the Group continues to have no control over Pele Coffee Cultural (Beijing) Co., Ltd ("Pele"). The directors of the Company consider that the Group has no substantive power to direct the business of Pele due to significant operational barriers that prevent the Group from exercising its rights over Pele, including the lack of available information and expertise over the business of Pele. The re consolidation of ASA has no material impact to the Group as ASA is an investment holding company with no significant assets or liabilities except for the provision for judgement award disclosed in Note 20.

The Company has written off the investment in China Fashion Import and Export Pte. Ltd., amounted to S\$211,000, as the subsidiary has been liquidated during the financial year ended 31 December 2014.

#### 2013

As discussed in Note 15(b), the Company had initiated arbitration proceedings against the Vendor and the Warrantor for the profit warranty in relation of the acquisition of Asia Sport Alliance Pte. Ltd. and its wholly owned subsidiary, Pele Coffee Cultural (Beijing) Co., Ltd, (collectively known as the "ASA Group") in 2011. In view of this, the previous management of the ASA Group had ceased to cooperate with the Company and the Company was unable to access the financial information, accounting and other records, and the management of the ASA Group. The directors of the Company considered the Company's effective control over the ASA Group was lost, and consequently, the financial statements of the ASA Group were de consolidated from the Group after 30 September 2013, the date of the last unaudited consolidated financial statements of the ASA Group obtained by the Group. This had resulted in a loss on de consolidation of the ASA Group amounted to S\$194,000 (Note 6) recognised in the consolidated statement of comprehensive income of the Group for the previous financial year ended 31 December 2013.

The effects on the cash flow of the Group in 2013, at the date of de consolidation of subsidiaries, were as follows:

	<b>Group</b>
	<b>2013</b>
	<b>S\$'000</b>
	(Restated)
Carrying amounts of assets and liabilities de consolidated:	
Plant and equipment (Note 13)	200
Intangible asset (Note 14)	-
Trade and other receivables	113
Inventories	39
Cash and cash equivalents	15
Total assets	367
Trade and other payables	358
Total liabilities	358
Net assets de consolidated	9

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 12 Investments in Subsidiary Companies (cont'd)

2013 (cont'd)

The net cash outflow on deconsolidation of subsidiaries was as follows:

	<b>Group</b>
	<b>2013</b>
	<b>S\$'000</b>
	(Restated)
Net assets deconsolidated (as above)	9
Recycling of foreign currency translation reserve	185
Loss on deconsolidation of subsidiaries	(194)
	-
Less: Cash and cash equivalents in subsidiaries deconsolidated	(15)
Net cash outflow on deconsolidation of subsidiaries	(15)

Allowance for impairment

Movement in the allowance for impairment loss is as follows:

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance at beginning of year	22,057	21,772
Impairment loss recognised during the year	-	285
Allowance written off during the year	(211)	-
Balance at end of year	21,846	22,057

2014

The Company has written off the allowance for impairment loss of the investment in China Fashion Import and Export Pte. Ltd., amounted to S\$211,000, as the subsidiary has been liquidated during the financial year ended 31 December 2014.

2013

The Company had recognised addition impairment loss of S\$285,000 for investments in subsidiary companies as they continued to incur operating losses or were in liquidation during the financial year ended 31 December 2013. The recoverable amounts of the investments in subsidiary companies were based on the realisable value of the subsidiaries' major assets.

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 12 Investments in Subsidiary Companies (cont'd)

Group's subsidiary companies

Details of the Group's subsidiary companies as at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation and operation	Principal activities	Effective percentage of equity held by the Group		Cost of investment	
			2014	2013	2014	2013
			%	%	S\$'000	S\$'000
<b><u>Held by the Company</u></b>						
China Fashion Import and Export Pte. Ltd. <sup>(1)</sup>	Singapore	–	–	100	–	211
Asia Sport Alliance Pte. Ltd. <sup>(2)</sup>	Singapore	Investment holding	100	100	21,846	21,846
					<u>21,846</u>	<u>22,057</u>
<b><u>Held by Asia Sport Alliance Pte. Ltd.</u></b>						
Pele Coffee Cultural (Beijing) Co., Ltd <sup>(3)</sup>	PRC	Operation and management of “Pelé Cafés”, establishment and operation of public sports (football) themed casual coffee shops and bars with Pelé features which granted by license	100	100		

(1) Liquidated during the financial year ended 31 December 2014

(2) Reviewed by Moore Stephens LLP for consolidation purposes

(3) Deconsolidated since 30 September 2013

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 13 Plant and Equipment

	Office equipment S\$'000	Computer software S\$'000	Renovation S\$'000	Construction in progress S\$'000	Total S\$'000
<b>Group</b>					
<u>2014</u>					
<u>Cost</u>					
Balance at 1 January 2014	196	–	–	–	196
Additions	5	–	–	–	5
Write-off	(170)	–	–	–	(170)
Balance at 31 December 2014	31	–	–	–	31
<u>Accumulated depreciation</u>					
Balance at 1 January 2014	179	–	–	–	179
Depreciation charge	11	–	–	–	11
Write-off	(170)	–	–	–	(170)
Balance at 31 December 2014	20	–	–	–	20
<u>Net book value</u>					
Balance at 31 December 2014	11	–	–	–	11
<u>2013 (Restated)</u>					
<u>Cost</u>					
Balance at 1 January 2013	333	3	161	63	560
Additions	18	–	14	–	32
Deconsolidated subsidiaries (Note 12)	(178)	(4)	(187)	(64)	(433)
Currency translation difference	23	1	12	1	37
Balance at 31 December 2013	196	–	–	–	196
<u>Accumulated depreciation</u>					
Balance at 1 January 2013	134	1	49	–	184
Depreciation charge	139	2	71	–	212
Deconsolidated subsidiaries (Note 12)	(105)	(3)	(125)	–	(233)
Currency translation difference	11	–	5	–	16
Balance at 31 December 2013	179	–	–	–	179
<u>Net book value</u>					
Balance at 31 December 2013	17	–	–	–	17

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 13 Plant and Equipment (cont'd)

	<b>Office equipment S\$'000</b>
<b>Company</b>	
<u>2014</u>	
<u>Cost</u>	
Balance at 1 January 2014	196
Additions	5
Write-off	(170)
Balance at 31 December 2014	<u>31</u>
<u>Accumulated depreciation</u>	
Balance at 1 January 2014	179
Depreciation charge	11
Write-off	(170)
Balance at 31 December 2014	<u>20</u>
<u>Net book value</u>	
Balance at 31 December 2014	<u><u>11</u></u>
<u>2013 (Restated)</u>	
<u>Cost</u>	
Balance at 1 January 2013	183
Additions	1
Currency translation difference	12
Balance at 31 December 2013	<u>196</u>
<u>Accumulated depreciation</u>	
Balance at 1 January 2013	116
Depreciation charge	55
Currency translation difference	8
Balance at 31 December 2013	<u>179</u>
<u>Net book value</u>	
Balance at 31 December 2013	<u><u>17</u></u>

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 14 Intangible Asset

	<b>Group S\$'000</b>
<u>2014</u>	
<u>Cost</u>	
Balance at 1 January 2014 and 31 December 2014	—
<u>Accumulated amortisation and impairment</u>	
Balance at 1 January 2014 and 31 December 2014	—
<u>Net book value</u>	
Balance at 31 December 2014	—
<u>2013 (Restated)</u>	
<u>Cost</u>	
Balance at 1 January 2013	21,520
Deconsolidated subsidiaries	(21,520)
Balance at 31 December 2013	—
<u>Accumulated amortisation and impairment</u>	
Balance at 1 January 2013	21,520
Deconsolidated subsidiaries	(21,520)
Balance at 31 December 2013	—
<u>Net book value</u>	
Balance at 31 December 2013	—

In 2011, the Group recognised an intangible asset of S\$21,520,000 arising from the acquisition of subsidiaries which represented the Pelé Café licence to, inter alia, establish and operate public sports (football) themed casual coffee shops and bars with Pelé features, as well as to create, manufacture, sell and/or distribute the related licensed products in the PRC, Hong Kong, Macau and Singapore (the “Pelé Café Business”) for the period commencing from 1 March 2011 and ending 31 December 2020.

As at 31 December 2012, the Group had reassessed the recoverable amount of the intangible asset as the Pelé Café Business continued to incur operating losses. Based on the assessment of the value-in-use and fair value less cost to sell of the intangible asset, management had assessed that the Pelé Café Business would not generate future possible cash flows to recover the intangible asset. Accordingly, the Group had recognised the full allowance for impairment loss of S\$21,520,000 as at 31 December 2012.



## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 15 Other Receivables and Other Current Assets

		Group		Company	
		2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
			(Restated)		(Restated)
Other receivables:					
- Third parties	(a)	359	6,913	359	6,913
- Profit warranty receivable	(b)	-	8,224	-	8,224
- Due from subsidiaries	(c)	-	-	-	313
		359	15,137	359	15,450
Less:					
Allowance for impairment loss					
- Profit warranty receivable	(b)	-	(8,224)	-	(8,224)
- Due from subsidiaries	(c)	-	-	-	(313)
Other receivables, net		359	6,913	359	6,913
Other current assets:					
- Deposits		10	46	10	46
- Prepayments		5	8	5	8
		15	54	15	54
		374	6,967	374	6,967

- (a) (i) On 9 April 2012, the Company entered into a Sale and Purchase Agreement (“SPA”) with Techwin Energy Limited (“TEL”) and Golden Rainbow Enterprise Limited (“Golden Rainbow”) to acquire the entire issued and paid-up share capital of Golden Rainbow.

In connection with the above proposed acquisition, the Company had entered into an exchangeable loan agreement (“Loan Agreement”) with TEL, Golden Rainbow and PT Forbes Citra Nusantara (“PT Forbes”) (collectively “Techwin Group”) to advance to TEL (the “Borrower”) a loan of US\$5.5 million (approximately S\$6.9 million), which had been included in other receivables.

On 13 January 2014, the Company entered into a settlement agreement (“Settlement Agreement”) with Techwin Group in relation to the proposed acquisition and exchangeable loan agreement. Techwin Group agreed to settle the loan receivable, including interest at 6% per annum due pursuant to the Loan Agreement, in six monthly instalments with the first instalment payment made on 31 January 2014 and the final instalment to be made on 30 June 2014. The exchangeable loan including all interest due has been fully repaid by Techwin Group to the Company in accordance with the terms of the Settlement Agreement during the year. The Company has also recovered S\$630,000 (Note 5) from Techwin Group for expenses incurred by the Company in relation to the proposed acquisition.

- (ii) On 29 July 2014, the Company entered into a memorandum of understanding (the “MOU”) with Verto Group Enterprise Limited (“VGEL”), a company incorporated in the United Kingdom (“UK”) and its two shareholders, Thomas William David Carr (“TC”) and Richard James Pearce (“RP”) (collectively the “Parties”) in respect of a proposed joint venture to invest in property development projects in the UK (the “Proposed JV”).

However, on 27 September 2014, the Company and the Parties have mutually agreed not to proceed with the Proposed JV, and accordingly, the MOU was terminated. The initial loan of approximately S\$308,000 (equivalent to GBP150,000) that was extended to VGEL by the Company pursuant to the terms of the MOU, and guaranteed by TC and RP (collectively the “Personal Guarantors”), is recognised under other receivables as at 31 December 2014. The Company has issued a letter of demand to the Personal Guarantors for repayment of the loan as at the date of these financial statements.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 15 Other Receivables and Other Current Assets (cont'd)

- (b) In 2011, the Company acquired 100% of the equity interest of Asia Sport Alliance Pte. Ltd. and its wholly owned subsidiary, Pele Coffee Cultural (Beijing) Co., Ltd. (collectively known as the "ASA Group") from Asia Brand Group Pte. Ltd. (the "Vendor") (the "Acquisition"). Under the terms of the sale and purchase agreement for the Acquisition (the "SPA"), the Vendor and Mr Liu Yanlong (the "Warrantor") have warranted that the audited net profit after tax ("NPAT") of the ASA Group for the period from 1 July 2011 to 31 December 2012 would amount to S\$8,224,000 (the "Profit Warranty Amount"). As security for the Profit Warranty Amount, the Vendor had also agreed that 10,000,000 of the consideration shares for the Acquisition shall be held and released upon satisfaction of the profit warranty.

The NPAT of the ASA Group for the period from 1 July 2011 to 31 December 2012 was less than the Profit Warranty Amount and in the circumstances, there has been a breach of the profit warranty pursuant to the terms of the SPA. Consequently, the Vendor shall upon written demand by the Company be liable to pay to the Company in cash amount of the shortfall. The Profit Warranty Amount of S\$40.0 million has been recognised as profit warranty income in the consolidated statement of comprehensive income of the Group during the financial year ended 31 December 2012, and correspondingly, as profit warranty receivable in the consolidated balance sheet of the Group as at that date.

On 20 November 2013, the Company issued a letter of demand for the payment of the shortfall of the Profit Warranty and the Vendor has failed, neglected and/or refused to pay the shortfall. Subsequently, on 29 November 2013, the Company initiated arbitration proceedings against the Vendor and the Warrantor (the "Respondents") for the profit warranty. Under the terms of the SPA, any disputes arising out of or in connection with the SPA were to be referred to arbitration at the Singapore International Arbitration Centre ("SIAC Arbitration").

Notwithstanding the above SIAC Arbitration, management was of the view that the Profit Warranty Amount is not likely to be recovered, and accordingly, the Group had recognised full allowance for impairment of the profit warranty receivable of S\$8,224,000 as at 31 December 2013 (see Note 23).

### Completion of the SAIC Arbitration

Following the SAIC Arbitration, the Company and the Respondents have agreed to implement a resolution of the SIAC Arbitration which, inter alia, included the Respondents transferring the 44,300,000 shares in the share capital of the Company issued to them pursuant to the SPA, to third parties, who individually did not receive shares amounting to more than 5% of the Company's shares, for a gross consideration of approximately S\$2.75 million ("Share Transfer") payable to the Company. The Company had on 28 November 2014 received the net proceeds of approximately S\$2.66 million from the Share Transfer after deducting for expenses ("Completion"), which has been recognised in profit or loss during the financial year ended 31 December 2014 (see Note 5).

Upon the Completion, the Company and the Respondents have released, acquitted and forever discharged one another, their successors, assigns, agents, officers and employees from any and all obligations, actions, proceedings, claims, counterclaims and demands whatsoever arising out of, in relation to or in connection with the SPA and the claim and counterclaim in the SAIC Arbitration.

- (c) The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand based on cash terms. The Company had recognised full allowance for impairment of the amounts due from subsidiaries of S\$214,000 (2013: S\$313,000) (see Note 23) as at 31 December 2014.

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 16 Cash and Bank Balances

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
		(Restated)		(Restated)
Cash at bank	11,304	2,312	11,302	2,312
Cash and cash equivalents as per the consolidated statement of cash flows: As above	11,304	2,312		

### 17 Share Capital

	Issued and fully paid	
	No. of ordinary shares '000	Amount S\$'000
<b>Group and Company</b>		
<u>2014</u>		
Balance at 1 January 2014 and 31 December 2014	216,408	48,540
<u>2013 (Restated)</u>		
Balance at 1 January 2013	187,958	44,741
Issue of new shares pursuant to a share placement	(a) 28,450	4,002
Share issue expense	–	(203)
Balance at 31 December 2013	216,408	48,540

The ordinary shares have no par value.

The ordinary shares carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

- (a) On 18 March 2013, the Company completed the placement of 28,450,000 ordinary shares of the Company issued at the price of S\$0.14067 per placement share and raised a gross proceed of approximately S\$4,002,000.

### 18 Foreign Currency Translation Reserve

Exchange differences relating to the translation of the results and the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Movement in the foreign currency translation reserve for the Group is set out in the consolidated statement of changes in equity.

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 19 Accumulated Losses

Movement in the accumulated losses for the Group is shown in the consolidated statement of changes in equity.

Movement in the accumulated losses for the Company is as follows:

	Company	
	2014 S\$'000	2013 S\$'000
Balance at beginning of year	(42,338)	(31,287)
Profit/(Loss) for the year	2,491	(11,051)
Balance at end of year	<u>(39,847)</u>	<u>(42,338)</u>

### 20 Other Payables

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
		(Restated)		(Restated)
Other payables				
- Accrued operating expenses	131	203	103	203
- Provision for judgement award	700	-	-	-
	<u>831</u>	<u>203</u>	<u>103</u>	<u>203</u>

On 24 December 2014, Sporting Licensing International B.V. ("SLI"), incorporated in the Netherlands, obtained a judgement in the High Court of Singapore ("High Court") against Asia Sport Alliance Pte. Ltd. ("ASA"), the subsidiary of the Company, in relation to a breach of a Sublicense Agreement and a Second Amendment to the Sublicense Agreement (collectively the "Agreements") dated 1 March 2010 and 10 December 2010, respectively, in relation to the Pelé Café Business. The judgement awarded amongst others:

- ASA do make payment to SLI of the sum of US\$400,000 being the Minimum Guarantees due to SLI under the Agreements;
- ASA do make payment to SLI the Current Royalties pursuant to the Agreements to be assessed at a hearing to be fixed; and
- Interest on the sum of US\$400,000 and on all sums found due to SLI upon the assessment ordered above.

Accordingly, ASA has made a provision for judgement award which includes the Minimum Guarantees amounting to S\$530,000 (equivalent to US\$400,000) and the Current Royalties including all interests due amounting to approximately S\$170,000 (equivalent to US\$127,000) based on management's best estimation. The directors of the Company are of the view that the Current Royalties to be assessed by the High Court including all interests due and the foregoing provision made by ASA will not be significantly different. The directors of the Company have also been advised by the Company's legal counsel that the Company is not a party to the Agreements and therefore, in the circumstances, the Company is not obliged to satisfy the judgement award on behalf of ASA.

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 21 Related Party Transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions apply:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint venture of the same third party.
  - (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### Key management compensation

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

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		(Restated)
Directors' fees	175	175
Salaries and other short-term benefits	476	496
Contribution to defined contribution plans	17	49
	<u>668</u>	<u>720</u>
Comprised amounts paid/payable to:		
Directors of the Company	464	493
Key management personnel	204	227
	<u>668</u>	<u>720</u>

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 22 Operating Lease Commitments

The Group leases office and retail premises under non-cancellable operating lease agreements. These leases have varying terms and renewal options. Lease terms do not contain restriction on the Group's activities. The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities in the financial statements are as follows:

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
		(Restated)		(Restated)
Within one year	32	34	32	34
More than one year but not later than five years	1	3	1	3
	<u>33</u>	<u>37</u>	<u>33</u>	<u>37</u>

### 23 Financial Instruments

#### (a) Financial Risk Management Objectives and Policies

The Group's and Company's activities expose it to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group and the Company seeks to minimise the effects of these risks by continually monitoring the financial risk management process to ensure that an appropriate balance between risk and control is achieved. The Board of Directors is responsible for setting the objectives and policies implemented to mitigate the risk exposures. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

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

#### Market risk

##### *Interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

As at 31 December 2014 and 2013, the Group has no significant interest-earning/interest-bearing financial assets or financial liabilities.

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 23 Financial Instruments (cont'd)

#### (a) Financial Risk Management Objectives and Policies (cont'd)

Market risk (cont'd)

*Currency risk*

Foreign currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currency in which the Group's and the Company's currency risk arises is mainly the British Pound and United States Dollar.

As at the balance sheet date, the Group's and the Company's foreign currency exposure based on the information provided by key management is as follows:

	<b>British Pound</b> <b>S\$'000</b>	<b>United</b> <b>States Dollar</b> <b>S\$'000</b>	<b>Singapore</b> <b>Dollar</b> <b>S\$'000</b>	<b>Total</b> <b>S\$'000</b>
<b>Group</b>				
<u>2014</u>				
Other receivables and other current assets	308	–	56	364
Cash and bank balances	–	7,748	3,556	11,304
	308	7,748	3,612	11,668
Other payables	–	700	131	831
Net financial assets	308	7,048	3,481	10,837
<u>2013 (Restated)</u>				
Other receivables and other current assets	–	6,913	46	6,959
Cash and bank balances	–	–	2,312	2,312
	–	6,913	2,358	9,271
Other payables	–	–	203	203
Net financial assets	–	6,913	2,155	9,068

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 23 Financial Instruments (cont'd)

#### (a) Financial Risk Management Objectives and Policies (cont'd)

*Market risk (cont'd)*

*Currency risk (cont'd)*

	British Pound S\$'000	United States Dollar S\$'000	Singapore Dollar S\$'000	Total S\$'000
<b>Company</b>				
<u>2014</u>				
Other receivables and other current assets	308	–	56	364
Cash and bank balances	–	7,748	3,554	11,302
	–	7,748	3,610	11,666
Other payables	–	–	103	103
Net financial assets	308	7,748	3,507	11,563
<u>2013 (Restated)</u>				
Other receivables and other current assets	–	6,913	46	6,959
Cash and bank balances	–	–	2,312	2,312
	–	6,913	2,358	9,271
Other payables	–	–	203	203
Net financial assets	–	6,913	2,155	9,068

If the British Pound (“GBP”) and United States Dollar (“USD”) have strengthened/weakened by 5% against the Singapore Dollar (“SGD”) at the balance sheet date, with all other variables including the tax rate being held constant, the effects arising from the net financial assets position will be as follows:

	Group		Company	
	Increase/(Decrease) Profit/(Loss) after tax /Equity		Increase/(Decrease) (Profit)/(Loss) after tax /Equity	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)
GBP against SGD				
Strengthened	15	–	15	–
Weakened	(15)	–	(15)	–
USD against SGD				
Strengthened	352	(346)	387	(346)
Weakened	(352)	346	(387)	346



## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 23 Financial Instruments (cont'd)

#### (a) Financial Risk Management Objectives and Policies (cont'd)

##### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group and the Company 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. As the Group and the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial assets presented on the balance sheet. The major classes of financial assets are other receivables and other current assets and cash and bank balances.

##### *Significant concentration of credit risk*

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's credit exposure is concentrated on its other receivables from a third party.

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

Other receivables and other current assets that are neither past due nor impaired are due from creditworthy debtors. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions.

As at the balance sheet date, the Group's and the Company's financial assets that are neither past due nor impaired amounted to S\$364,000 (2013: S\$6,959,000) and S\$364,000 (2013: S\$6,959,000), respectively.

##### *Financial assets that are past due and/or impaired*

There are no other classes of financial assets that are past due and/or impaired as at the balance sheet date except as disclosed below.

The carrying amount of financial assets determined to be impaired as at the balance sheet date and the movement in the allowance for impairment loss are as follows:

	<b>Group and Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		(Restated)
Gross amount - profit warranty receivable (Note 15(b))	–	8,224
Less: Allowance for impairment loss	–	(8,224)
	–	–
Balance at beginning of year	8,224	–
Impairment loss recognised during the year (Note 6)	–	8,224
Reversal of impairment loss during the year (Note 5)	(2,658)	–
Allowance written off	(5,566)	–
Balance at end of year	–	8,224

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 23 Financial Instruments (cont'd)

### (a) Financial Risk Management Objectives and Policies (cont'd)

#### Credit risk (cont'd)

#### *Financial assets that are past due and/or impaired (cont'd)*

The Company has reversed the impairment loss for the amount received from the Share Transfer pursuant to the SIAC Arbitration as disclosed in Note 15(b). The Company has written off the remaining balance of the allowance amounting to approximately S\$5.6 million.

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		(Restated)
Due from subsidiaries	214	313
Less: Allowance for impairment loss	(214)	(313)
	-	-
Balance at beginning of year	313	101
Impairment loss recognised during the year	-	212
Allowance written off	(99)	-
Balance at end of year	214	313

#### Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting its obligations due to shortage of funds. The Group and the Company manages liquidity risk by maintaining adequate cash reserves in meeting its day to day operational needs. All of the Group's and the Company's payables are due within the next twelve months from the balance sheet date as the cash outflows approximate the carrying amounts because of their relatively short term period of maturity.

### (b) Fair Value

#### Fair value of the Group's/Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amount of the Group's and Company's financial assets and financial liabilities with a maturity of less than one year, which are primarily other receivables and other current assets, cash and bank balances and trade and other payables, is a reasonable approximation of fair value because of their relatively short term period of maturity.

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 24 Capital Risk Management

The Group and the Company manages its capital to ensure that entities in the Group and the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2013.

The capital structure of the Group/Company consists of net debts (total liabilities less cash and bank balances) and equity of the Group/Company (comprising all components of shareholders' equity).

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

The Group/Company monitors capital with reference to a net debt-to-equity ratio, which as at the balance sheet date is as follows:

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
		(Restated)		(Restated)
Total debts	831	203	103	203
Less: Cash and bank balances	(11,304)	(2,312)	(11,302)	(2,312)
Net (cash)	(10,473)	(2,109)	(11,199)	(2,109)
Total equity	10,858	9,093	11,584	9,093
Net debt-to-equity ratio	N.A.	N.A.	N.A.	N.A.

N.A. - Not applicable as the Group's/Company's cash and bank balances were in excess of its total debt.

### 25 Segment Information

For management purposes, the Group is organised into business segments based on their products or services provided as the Group's risks and rates of return are affected predominantly by differences in the products produced or services provided. Each segment represents a strategic business unit that offers different types of products or services provided. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Revenue reported represents revenue generated from external customers. There were no inter-segment sales in the current financial year (2013: Nil).

Management assesses the performance of the operating segments based on a measure of earnings from operations ("adjusted operating profit/loss"). The accounting policies of the reportable segments are the same as the Group's accounting policies set out in Note 2.

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 25 Segment Information (cont'd)

The segment information provided to the management for the reportable segments for the financial year ended 31 December 2014 and 2013 are as follows:

	<b>Brand Management S\$'000</b>	<b>Investment Holding S\$'000</b>	<b>Total S\$'000</b>
<u>2014</u>			
Revenue	–	–	–
Adjusted operating loss	–	(187)	(187)
Segment assets - total assets	2	11,687	11,689
Segment liabilities - total liabilities	728	103	831
<i>Other segment information:</i>			
- Depreciation of plant and equipment	–	11	11
- Provision for judgement award	700	–	700
- Reversal of allowance for impairment of profit warranty receivable	–	(2,658)	(2,658)
Additions to:			
- Plant and equipment	–	5	5
<u>2013 (Restated)</u>			
Revenue	162	–	162
Adjusted operating loss	(647)	(2,515)	(3,162)
Segment assets - total assets	–	9,296	9,296
Segment liabilities - total liabilities	–	203	203
<i>Other segment information:</i>			
- Depreciation of plant and equipment	157	55	212
- Allowance for impairment of profit warranty receivable	–	8,224	8,224
Additions to:			
- Plant and equipment	31	1	32

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 25 Segment Information (cont'd)

A reconciliation of adjusted operating loss to profit/(loss) before income tax is provided as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
		(Restated)
Adjusted operating loss for reportable segments	(187)	(3,162)
Depreciation of plant and equipment	11	212
Allowance for impairment of profit warranty receivable	–	(8,224)
Reversal of allowance for impairment of profit warranty receivable	2,658	–
Provision for judgement award	(700)	–
Finance costs	(17)	(5)
Profit/(Loss) before income tax	<u>1,765</u>	<u>(11,179)</u>

#### *Geographical information*

In 2014, the Group did not generate any revenue. In 2013, the Group's revenue was generated predominantly in the PRC.

As at 31 December 2014, all of the non-current assets of the Group are located in Singapore (2013: located in Singapore).

#### *Information about major customers*

In 2014, the Group did not generate any revenue. In 2013, the Group did not have any concentration of its revenue on any major customers.

### 26 Effects of the Change in Presentation Currency

Prior to 1 January 2014, the financial statements were presented in Renminbi. With effect from 1 January 2014, the Group changed its presentation currency from Renminbi to Singapore dollar as a result of the change in the Company's functional currency as disclosed in Note 2(c). The financial statements have been presented as if the change in presentation currency had always been in place by restating the comparative financial statements of the relevant preceding years.

A summary of the significant accounts of the comparative financial statements of the relevant preceding years before and after restatement is as follows:

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 26 Effects of the Change in Presentation Currency (cont'd)

(a) Consolidated Statement of Comprehensive Income

	2013 Group	
	As restated S\$'000	As previously reported RMB'000
Revenue	162	794
Cost of sales	(49)	(241)
Gross profit	113	553
Other income	1	22
Expenses		
Distribution and marketing	(260)	(1,274)
Administrative	(2,535)	(12,338)
Other operating expenses	(8,493)	(40,638)
Finance costs	(5)	(29)
<b>Loss before income tax</b>	<b>(11,179)</b>	<b>(53,704)</b>
Income tax	-	-
<b>Loss for the year</b>	<b>(11,179)</b>	<b>(53,704)</b>
<b>Other comprehensive income</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation gain	1,160	83
Reclassification adjustments relating to foreign operation deconsolidated	185	238
Other comprehensive income, net of tax	1,345	321
<b>Total comprehensive (loss) for the year attributable to owners of the Company</b>	<b>(9,834)</b>	<b>(53,383)</b>
<b>Loss per share</b>		
Basic and diluted (S\$/RMB cents)	(4.67)	(25.51)

## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 26 Effects of the Change in Presentation Currency (cont'd)

(b) Balance Sheet

	2013			
	Group		Company	
	As restated S\$'000	As previously reported RMB'000	As restated S\$'000	As previously reported RMB'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Investments in subsidiary companies	–	–	–	–
Plant and equipment	17	80	17	80
Intangible asset	–	–	–	–
	17	80	17	80
<b>Current Assets</b>				
Inventories	–	–	–	–
Other receivables and other current assets	6,967	33,593	6,967	33,593
Cash and bank balances	2,312	11,145	2,312	11,145
	9,279	44,738	9,279	44,738
<b>Total Assets</b>	9,296	44,818	9,296	44,818
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	48,540	251,554	48,540	251,554
Foreign currency translation reserve	3,003	6	2,891	–
Accumulated losses	(42,450)	(207,721)	(42,338)	(207,715)
<b>Total Equity</b>	9,093	43,839	9,093	43,839
<b>Current Liabilities</b>				
Other payables	203	979	203	979
<b>Total Liabilities</b>	203	979	203	979
<b>Total Equity and Liabilities</b>	9,296	44,818	9,296	44,818

# Notes to the Financial Statements

For the financial year ended 31 December 2014

## 26 Effects of the Change in Presentation Currency (cont'd)

(b) Balance Sheet (cont'd)

	2012			
	Group		Company	
	As restated S\$'000	As previously reported RMB'000	As restated S\$'000	As previously reported RMB'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Investments in subsidiary companies	–	–	269	1,387
Plant and equipment	376	1,942	67	345
Intangible asset	–	–	–	–
	376	1,942	336	1,732
<b>Current Assets</b>				
Inventories	33	172	–	–
Other receivables and other current assets	15,228	78,609	14,921	77,023
Cash and bank balances	192	990	127	653
	15,453	79,771	15,048	77,676
<b>Total Assets</b>	15,829	81,713	15,384	79,408
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	44,741	232,428	44,741	232,428
Foreign currency translation reserve	1,658	(315)	1,747	–
Accumulated losses	(31,271)	(154,017)	(31,287)	(153,963)
<b>Total Equity</b>	15,128	78,096	15,201	78,465
<b>Current Liabilities</b>				
Other payables	701	3,617	183	943
<b>Total Liabilities</b>	701	3,617	183	943
<b>Total Equity and Liabilities</b>	15,829	81,713	15,384	79,408



## Notes to the Financial Statements

For the financial year ended 31 December 2014

### 26 Effects of the Change in Presentation Currency (cont'd)

(c) Consolidated Statement of Cash Flows

	2013 Group	
	As restated S\$'000	As previously reported RMB'000
Net cash used in operating activities	(1,632)	(8,797)
Net cash used in investing activities	(47)	(228)
Net cash generated from financing activities	3,799	19,097
Net increase in cash and cash equivalents	2,120	10,072
Cash and cash equivalents at the end of the year	2,312	11,145

### 27 Authorisation of Financial Statements

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the date of the Statement of Directors.

## Shareholders' Information

As at 12 March 2015

Class of Equity Securities	Number of Equity Securities	Voting Rights
Ordinary Shares	216,408,402	One vote per share (excluding treasury shares)
Treasury Shares	Nil	Nil

### DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 12 MARCH 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	8	1.22	233	0.00
100 – 1,000	187	28.64	85,199	0.04
1,001 - 10,000	128	19.60	725,035	0.34
10,001 - 1,000,000	299	45.79	32,444,960	14.99
1,000,001 and above	31	4.75	183,152,975	84.63
<b>Total</b>	<b>653</b>	<b>100.00</b>	<b>216,408,402</b>	<b>100.00</b>

### PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on information available to the Company as at 12 March 2015, approximately 63.98% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

### TWENTY LARGEST SHAREHOLDERS AS AT 12 MARCH 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	CHEONG CHOONG KONG	23,600,000	10.91
2	CITIBANK NOMINEES SINGAPORE PTE LTD	22,236,400	10.28
3	TAN KIM SENG	17,200,000	7.95
4	LIM TZE JONG	14,960,000	6.91
5	TEO TONG LIM	10,500,000	4.85
6	UOB KAY HIAN PRIVATE LIMITED	10,148,000	4.69
7	VINCENT SIM TECK LENG (SHEN DELONG)	10,000,000	4.62
8	ANG GEK PUAY (WANG YUPEI)	6,150,000	2.84
9	KOH THIAM HONG	6,150,000	2.84
10	TAN KIEN HONG	6,000,000	2.77
11	TEO CHEN WEI, TERENCE	5,500,000	2.54
12	CHEONG CHI KIN	4,797,000	2.22
13	MAYBANK KIM ENG SECURITIES PTE LTD	4,598,000	2.12
14	OR LAY HUAT DANIEL	4,459,000	2.06
15	DBS NOMINEES PTE LTD	3,922,550	1.81
16	LIM YONG SIONG	3,600,000	1.66
17	LIU KUIKANG	3,318,825	1.53
18	TAN CHEE KENG	2,800,000	1.29
19	TAN AH JIP	2,735,000	1.26
20	KWAN WAI KEONG	2,500,000	1.16
	<b>TOTAL:</b>	<b>165,174,775</b>	<b>76.31</b>

## Shareholders' Information

As at 12 March 2015

### LIST OF SUBSTANTIAL SHAREHOLDERS

#### SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Cheong Choong Kong	23,600,000	10.91	–	–
Tan Chong Huat <sup>(1)</sup>	–	–	22,200,000	10.26
Tan Kim Seng	17,200,000	7.95	–	–
Lim Tze Jong	14,960,000	6.91	–	–

The percentage of shareholding above is computed based on the total issued shares of 216,408,402.

- (1) Mr Tan Chong Huat is the beneficial owner of the 22,200,000 ordinary shares held in custodial account with Citibank Nominees Singapore Pte. Ltd.

Pursuant to Section 7 of the Companies Act (Cap. 50), Mr Tan Chong Huat is deemed to be interested in the 22,200,000 ordinary shares held in custodial account with Citibank Nominees Singapore Pte. Ltd.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of P99 HOLDINGS LIMITED (“the Company”) will be held at NUSS Kent Ridge Guild House, Cluny Level 2, 9 Kent Ridge Drive Singapore 119241 on 22 April 2015 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company and the Group for the financial year ended 31 December 2014 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to the Articles of Association of the Company:  
  
Mr Azman Hisham Bin Jaafar (Retiring under Article 91) **(Resolution 2)**  
Mr Tan Chong Huat (Retiring under Article 97) **(Resolution 3)**  
  
[See Explanatory Note (i)]
3. To re-appoint Mr Tan Gim Soo, a Director retiring pursuant to Section 153(6) of the Companies Act, Cap 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting of the Company.  
  
[See Explanatory Note (ii)] **(Resolution 4)**
4. To approve the payment of Directors’ fees of S\$275,000 for the financial year ending 31 December 2015. (2014: S\$175,000) **(Resolution 5)**
5. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

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

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

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

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

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

(the “*Share Issue Mandate*”)

## Notice of Annual General Meeting

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of the total number of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent consolidation or subdivision of shares;
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual Section B: Rules of Catalist of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)]

**(Resolution 7)**

By Order of the Board

Chew Kok Liang  
Company Secretary  
Singapore, 7 April 2015

# Notice of Annual General Meeting

## Explanatory Notes:

- (i) Mr Azman Hisham Bin Jaafar will, upon re-election as a Director of the Company, remain as a member of the Audit and Nominating Committees. Mr Azman Hisham Bin Jaafar will be considered non-independent pursuant to Rule 704(7) of Listing Manual Section B: Rules of Catalist of the SGX-ST.

Mr Tan Chong Huat will, upon re-election as a Director of the Company, remain as a Non-Executive Director and Chairman of the Board of Directors.

- (ii) Mr Tan Gim Soo will, upon re-appointment as a Director of the Company, remain as the Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee. Mr Tan Gim Soo will be considered independent pursuant to Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

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

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

## Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd. at 6 Battery Road #10-01 Singapore 049909 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

## PERSONAL DATA PRIVACY

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

# P99 HOLDINGS LIMITED

(Company Registration No. 200311696K)  
(Incorporated In the Republic of Singapore)

## Important:

1. For investors who have used their CPF monies to buy P99 Holdings Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

## PROXY FORM

(Please see notes overleaf before completing this Form)

I/We\* \_\_\_\_\_ (Name) NRIC/Passport number\* \_\_\_\_\_

of \_\_\_\_\_

being a member/members\* of P99 Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or\* (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our\* proxy/proxies\* to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at NUSS Kent Ridge Guild House, Cluny Level 2, 9 Kent Ridge Drive Singapore 119241 on 22 April 2015 at 10.00 a.m. and at any adjournment thereof. I/We\* direct my/our\* proxy/proxies\* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her\* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2.	Re-election of Mr Azman Hisham Bin Jaafar as a Director		
3.	Re-election of Mr Tan Chong Huat as a Director		
4.	Re-appointment of Mr Tan Gim Soo as a Director		
5.	Approval of Directors' fees amounting to S\$275,000 for the financial year ending 31 December 2015 to be paid quarterly in arrears		
6.	Re-appointment of Moore Stephens LLP as Auditors		
7.	Authority to allot and issue new shares		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

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

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

\*Delete where inapplicable



**Notes :**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified. If the proportion of shareholding is not specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and any second named proxy as an alternate to the first named.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd. at 6 Battery Road #10-01 Singapore 049909 not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**General:**

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

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2015.





**P 9 9 H O L D I N G S**

21 Bukit Batok Crescent, #22-77 WCEGA Tower, Singapore 658065