Linking Our Strengths

SECURING OPPORTUNITIES

ANNUAL REPORT 2015

PS Group Holdings Ltd.

Company Registration No.: 201311530Z

MISSION

To be a preferred online fasteners supplier for emerging markets

VISION

We strengthen links in emerging markets

CONTENTS

This annual report (the "Annual Report") has been prepared by the Company and its contents have been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently 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 assume no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Equity Capital Markets and Mr David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.

OUR BUSINESS

Listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 July 2013, PS Group Holdings Ltd. (the "Company" or "PS Group" and, together with its subsidiaries, the "Group") is a reputable and trusted supplier of quality fasteners, with over 200 clients from more than 45 countries.

With an operating history dating back to 1994, the Group has over the years grown to offer an extensive product range in excess of 15,000 different types of fasteners which come in different sizes and for diverse industrial applications. These include fasteners for infrastructure developments, structural fabrication and construction in civil works, transportation and manufacturing of heavy machinery, automotives and parts. All of the Group's fasteners are procured in bulk from the fastener manufacturers, which it then supplies to distributors, who in turn sell them directly to end-users.

Backed by a robust online information technology ("IT") infrastructure and a ready inventory, the Group is well poised to cater to the changing needs of customers from around the world. With a strong online infrastructure in place, customers can retrieve information on the Group's range of products, and complete their orders at their convenience. In addition, customers can easily mix and match any product in the Group's product range for their desired quantities, at any time, and expect a timely delivery.

Over the years, PS Group's longstanding relationships with internationally recognised manufacturers, such as Fang Sheng Screw Co. Ltd., Tong Hwei Enterprise Co. Ltd, Alcoa Fastening Systems-Australia Pty Ltd and Shanghai Prime Machinery Co. Ltd., have enabled the Group to gain a strong foothold in the industry. PS Group's strong network of suppliers plays a pivotal role in assuring the continuity of supplies, which in turn allows the Group to expand its geographical reach and retain customers' confidence in the long run.

PS Group believes its scalable business model, coupled with its wide product range and diversified customer base, will allow the Group to ride through different industry cycles, and ensure the long-term development of its business.

PS Group was awarded the "Top 100 Singapore Excellence Award 2011/2012" and the "Singapore Brands Award 2012/2013" in 2012. The Group's quality management system was ISO 9002:92 certified in 1998, and later updated to ISO 9001:2008 in 2011.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of our Board of Directors, I present to you the Annual Report of PS Group for the financial year ended 31 December ("FY") 2015.

Overcoming Challenges

In February 2015, the Group incorporated a new subsidiary, PS Components Pte. Ltd. ("PSC"), which is engaged in the trading and wholesale of fasteners with a focus on the end-user market. We envisage that this subsidiary will further strengthen our position as a "Mix-And-Match Expert" for the supply of quality fasteners.

Despite the challenging macroeconomic backdrop, we were able to attain a modest increase in revenue of approximately S$71,000 or 0.6% from S$11.0 million in FY2014 to S$11.1 million in FY2015. This was largely attributable to revenue contribution from PSC.

However, the increase in market competition had exerted downward pressure on the pricing of fasteners, which hampered the Group's performance. The strengthening of the United States dollar against the Singapore dollar, which is our functional and reporting currency, had also impacted our bottomline. These unfavourable conditions, coupled with a write down of inventories and bulk discount provided to a major customer, had resulted in a decline in the Group's gross profit of approximately S$228,000 from S$3.2 million in FY2014 to S$2.9 million in FY2015.

Looking forward, we expect that the uncertain global economic outlook will continue to pose challenges to the Group's business in the near future. While business sentiments have dampened along with the depressed steel prices, we are determined to overcome these external challenges by focusing on our Group's strengths. With our continued efforts to maintain a comprehensive and well-stocked inventory, we are poised to further establish our position as a quality fasteners supplier.

Even though the Group, as well as the industries which our key customers operate in had a challenging year in 2015, we will continue to focus on retaining our customers by serving their needs to the best of our ability. We will also deepen our relationships with the international manufacturers who supply their well-established brands of fasteners to the Group. We believe our efforts to deliver the best products and services will enable us to continue to build up our track record as the "Mix-and-Match Expert" of quality fasteners.

Linking our Strengths: Securing Opportunities

As at 31 December 2015, the Group's cash and cash equivalents stood at S$1.49 million. We believe that this will enable us to explore suitable and viable opportunities to increase shareholder value as and when these opportunities present themselves.

By continuing to build on our key strengths, including our ability to sustain long established relationships with customers and our scalable business model which is not dependent on any single end-use industry, we believe the Group will become even more adaptable and resilient in the near term.

With a diverse product range of more than 15,000 different types and sizes of fasteners, we offer both existing and potential customers a comprehensive set of products and solutions which cater to myriad industries. Moving forward, we will continue to explore new product lines and grow with our customers as they embark on new projects and contracts.

In terms of our business operations, we will strive to improve our productivity to enhance our operational efficiency, and therein, enhance the profitability of the Group.

Against the backdrop of economic headwinds, we shall remain cautious in charting our course for 2016 and as we focus on improving the Group's productivity, we look to deliver better performance for the long term.

Appreciation

On behalf of the Board of Directors, I would like to express my sincere appreciation to all our staff, management team and shareholders for your contributions and unwavering support to the Group. The Group is working hard to return to profitability and we hope to have your continued support in our endeavour to create long term value for all our stakeholders.

Teo Choon Hock
EXECUTIVE CHAIRMAN

OPERATIONS AND FINANCIAL REVIEW

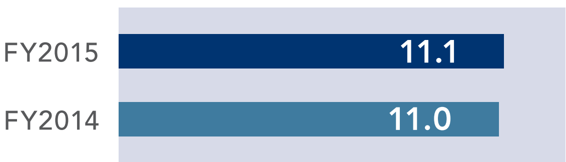
Review of Financial Performance

Despite the challenging business environment, which was characterised by global economic uncertainty and downward pressure on steel prices due to increased market competition, the Group managed to achieve an increase in revenue of approximately S$71,000 or 0.6% from S$11.0 million in FY2014 to S$11.1 million in FY2015.

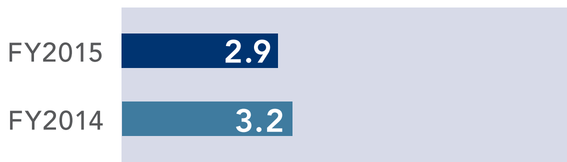
The increase in revenue was mainly attributable to revenue contribution from PSC, which was newly incorporated in February 2015 and which is engaged in the trading and wholesale of fasteners with a focus on the end-user market.

However, the Group's gross profit decreased by approximately S$228,000 from S$3.2 million in FY2014 to S$2.9 million in FY2015, while gross profit margin declined from 28.7% in FY2014 to 26.4% in FY2015, mainly due to bulk discount provided to a customer who had placed a larger order during FY2015, downward pressure on product pricing, write down of inventories, and the strengthening of the United States dollar, in which the Group's inventory purchases are mainly denominated in, against the Singapore dollar, which is the Group's functional and reporting currency.

Revenue
(S$ million)



Gross Profit
(S$ million)



Other income remained relatively stable at approximately S$62,000 and S$63,000 in FY2015 and FY2014, respectively.

Selling and distribution expenses increased by approximately S$399,000 or 62.1% from S$643,000 in FY2014 to S$1.0 million in FY2015. The increase was mainly due to salary expenses payable arising from the appointment of the Group's Business Development Manager in May 2015, and the sales personnel of PSC of approximately S$371,000 in aggregate.

Administration expenses also increased by approximately S$173,000 or 8.6% from S$2.0 million in FY2014 to S$2.2 million in FY2015. The increase was mainly due to overhead costs such as warehouse and office expenses incurred in relation to PSC of S$130,000, and the provision for stock obsolescence of S$53,000. This was offset by the decrease in travelling expenses of S$10,000.

Finance expenses remained relatively stable at approximately S$60,000 in FY2015 and FY2014, respectively.

Income tax expense remained relatively stable at S$9,000 and S$10,000 in FY2015 and FY2014, respectively. Despite registering a loss in FY2015, the Group incurred tax expenses due to chargeable income generated from one of its subsidiaries.

As a result of the above, the Group registered a loss of approximately S$309,000 in FY2015 as compared to a profit of S$481,000 in FY2014.

Financial Position

The Group's non-current assets decreased by approximately S$115,000 from S$3.1 million as at 31 December 2014 to S$3.0 million as at 31 December 2015, while current assets decreased by approximately S$739,000 from S$12.7 million as at 31 December 2014 to S$12.0 million as at 31 December 2015.

The decrease in non-current assets was mainly due to depreciation charges incurred in relation to property, plant and equipment of S$217,000 in FY2015, which was offset by additions to property, plant and equipment of S$102,000.

On the other hand, the decrease in current assets was mainly due to the decrease in cash and cash equivalents of S$1.4 million, which was partially offset by the increase in inventories of S$470,000 mainly due to the shipment of inventories by suppliers near the financial year-end and inventories carried by PSC, as well as trade and other receivables of S$180,000 mainly as a result of credit sales to customers of PSC which were not due and outstanding as at 31 December 2015.

The Group's current liabilities decreased by approximately S$357,000 from S$3.0 million as at 31 December 2014 to S$2.7 million as at 31 December 2015. This was largely due to the decrease in trade and other payables of S$184,000 mainly arising from the lower utilisation of trust receipts, as well as loans and borrowings of S$157,000 mainly due to repayment of obligations under the Group's financing facilities.

Non-current liabilities decreased by approximately S$228,000 from S$763,000 as at 31 December 2014 to S$536,000 as at 31 December 2015 mainly due to the repayment of obligations under the Group's financing facilities.

Cash Flow

In FY2015, net cash flows used in operating activities was approximately S$553,000 which consisted mainly of net cash generated from operating activities before changes in working capital of S$101,000, offset by net working capital outflow of S$639,000 and income tax paid of S$20,000.

The net working capital outflow arose largely due to an increase in inventories of S$597,000 mainly due to the shipment of inventories by suppliers near the financial year-end and inventories carried by PSC. There was also an increase in trade and other receivables, and prepayments of S$193,000 as a result of credit sales to customers of PSC which were not due and outstanding as at 31 December 2015. However, this was offset by an increase in trade and other payables (excluding net change in trust receipts) of S$150,000 mainly due to amounts owing by PSC to suppliers.

Net cash used in investing activities of approximately S$23,000 was mainly due to the purchases of plant and equipment. In addition, net cash used in financing activities amounted to approximately S$812,000 mainly due to the repayment of bank loans of S$467,000 and the net change in trust receipts of S$333,000.

As a result of the above, there was a net decrease in cash and cash equivalents of approximately S$1.4 million and the Group's cash and cash equivalents decreased to S$1.5 million as at 31 December 2015 from S$2.9 million as at 31 December 2014.

BOARD OF DIRECTORS

Teo Choon Hock

EXECUTIVE CHAIRMAN AND CO-FOUNDER

Mr Teo Choon Hock is the Executive Chairman of PS Group and was appointed as Executive Director on 30 April 2013. He brings with him over 30 years of experience in the fasteners industry and is one of the founding shareholders of the Group. Mr Teo plays a pivotal role in building the Group's growth through the years, and is responsible for the Group's overall management, including formulating the Group's strategic goals, expansion plans and business strategies. In addition, he oversees aspects of the Group's day-to-day operations.

Mr Teo is a committee member of the Singapore Metal and Machinery Association management council and Patron of the Chong Pang Citizen Consultative Committee and was awarded the Public Service Medal in 2003 and the Public Service Star in 2008. In addition, Mr Teo was appointed as a Justice of Peace on 8 May 2013.

Mr Teo holds a Diploma in Business Administration from PSB International Management Academy and an Advanced Diploma in Management from SGP International Management Academy.

List of present and past directorships, other than those held in the Group, as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

PRESENT: Nil

PAST : Nil

Kwek Keng Seng

MANAGING DIRECTOR AND CO-FOUNDER

Mr Kwek Keng Seng is the Managing Director of PS Group and was appointed as Executive Director on 31 May 2013. He has over 30 years of experience in the fasteners industry, and is one of the founding shareholders of the Group.

Mr Kwek assists the Executive Chairman in the overall management of the Group's business operations and manages the Group's day-to-day operations, including formulating sales strategies for the Group and overseeing the storage and logistics management of the Group's products.

List of present and past directorships, other than those held in the Group as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

PRESENT: Nil

PAST : Nil

Ang Miah Khiang

LEAD INDEPENDENT DIRECTOR

Mr Ang Miah Khiang serves as Lead Independent Director and was appointed to the Board of PS Group on 31 May 2013. He is also serving on the board of Uni-Asia Holdings Limited and Baker Technology Limited, which are listed on the Mainboard of the SGX-ST, and Soo Kee Group Ltd., which is listed on Catalist.

Mr Ang spent the greater part of his career in the small and medium sized enterprise financing business, having previously held the position of managing director of GE Commercial Financing (S) Ltd (formerly known as Heller Financial (S) Ltd). He was also concurrently the regional director of GE related business in the Asia Pacific region.

Mr Ang holds a Bachelor of Accountancy degree from the University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants.

List of present and past directorships, other than those held in the Group, as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

PRESENT: Uni-Asia Holdings Limited, Baker Technology Limited, Soo Kee Group Ltd.

PAST : Ley Choon Group Holdings Limited

Tan Chin Keong
INDEPENDENT DIRECTOR

Mr Tan Chin Keong serves as an Independent Director and was appointed to the Board of PS Group on 31 May 2013.

Mr Tan is currently the managing partner of GAAP Consulting Group LLP, which he established in 2011 to provide consultancy services for financial institutions. Mr Tan started his career in 1979 as an auditor in KPMG and, subsequently, Singapore Airlines. He then joined Chase Manhattan Bank in 1981 as a regional auditor in charge of the audit of the bank's branches in Southeast Asia. In 1985, he joined Tat Lee Bank as Head of Internal Audit, and was subsequently appointed as Head of Singapore Branches in 1988 and had overall responsibility for sales, operations and credit policies. He became the Head of the International Department in charge of managing bank-wide international trade and treasury operations in 1993, and later left Tat Lee Bank in 1998 to join Standard Chartered Bank where he took on various senior management roles, including Regional Head of Infrastructure and Operations for Southeast Asia and Regional Head of Operations for Northeast Asia.

Mr Tan holds a Bachelor of Accountancy degree from the University of Singapore.

List of present and past directorships, other than those held in the Group, as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

PRESENT: Nil

PAST : Nil

Tan Jee Ming
INDEPENDENT DIRECTOR

Mr Tan Jee Ming serves as an Independent Director and was appointed to the Board of PS Group on 31 May 2013. He also sits on the board of Soilbuild Construction Group Ltd., which is listed on the Mainboard of the SGX-ST.

Mr Tan is currently a director at Straits Law Practice LLC where he practises general civil and criminal law. He has been in practice for over 25 years and started his legal practice in RCH Lim & Co in 1986. He became a partner at Derrick Jeffrey & Ravi in 1989, and subsequently set up his own sole proprietorship law firm under the name of Tan Jee Ming & Partners in 1996. In 2010, he merged his practice with Straits Law Practice LLC.

Mr Tan is a member of the Singapore Academy of Law, the Law Society of Singapore Compensation Fund Committee, the Law Society of Singapore Inquiry Panel and the Singapore Institute of Directors.

List of present and past directorships, other than those held in the Group, as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

PRESENT: Soilbuild Construction Group Ltd

PAST : Nil

SENIOR MANAGEMENT

Teo Yong Tat

BUSINESS DEVELOPMENT MANAGER

Mr Teo Yong Tat is PS Group's Business Development Manager. He is responsible for establishing and/or maintaining relationships with the Group's customers and suppliers, developing business opportunities in existing and potential markets as well as reviewing quotations for and confirming orders with customers.

Mr Teo joined the Group in 2011 as a sales and marketing executive and was promoted to his current position in 2012. He has played an important role in improving PS Group's IT infrastructure which enabled the Group to have a faster turnaround time in processing customers' orders, and continues to assist in overseeing the Group's sales operations and expansion plans.

Mr Teo joined Soilbuild Group Holdings Ltd. as a capital management executive between February 2014 and April 2015, and rejoined PS Group in May 2015 where he continues to serve in his current position as Business Development Manager. Mr Teo holds a Diploma in Commerce (General Studies) from Kaplan.

Seah Han Poh Benedict

FINANCIAL CONTROLLER

Mr Seah Han Poh Benedict has served as Financial Controller of the Group since 2012 and is responsible for all finance related functions of the Group, in particular, financial planning, budgeting, treasury, cost accounting, decision support and tax planning.

Mr Seah has extensive experience in the field of finance, having held various finance positions from 1994 to date. He started his career as an audit assistant at KPMG, and later left to join Metalock Marine Pte Ltd, a subsidiary of Mainboard-listed MTQ Corporation Limited, where his last position was as deputy finance manager. He was deployed to MTQ Corporation Limited in 2002, where he held the position of finance manager before leaving in 2006 to join Albedo Limited, a Catalist-listed company as finance manager. In 2007, Mr Seah joined China Water Holdings Pte Ltd, then an associate of Mainboard-listed CNA Group Limited, as financial controller. Between 2009 and 2012, Mr Seah assumed accounts manager and finance and accounts manager positions at Kok Tong Construction Pte Ltd and Parakou Shipmanagement Pte Ltd, respectively.

A Chartered Accountant of Singapore, Mr Seah holds a Diploma in Accountancy from Singapore Polytechnic and has obtained a professional qualification from the Association of Chartered Certified Accountants.

Lim Kwang Seng Edwin

MANAGING DIRECTOR, PS COMPONENTS PTE. LTD.

Mr Lim Kwang Seng Edwin was appointed as Managing Director of PS Components Pte. Ltd. ("PSC") and an executive officer of PS Group on 26 February 2015. He is responsible for the operations and business development of PSC, which is a 90.0%-owned subsidiary of the Company and principally engaged in the trading and wholesale of fasteners.

Mr Lim has more than 25 years of experience in the industrial fasteners industry. Mr Lim first entered the industrial fasteners industry in 1989 as a marketing executive with TK Fasteners (S) Pte Ltd. From 1991 to 2005, Mr Lim held various managerial and consultancy positions in companies within the industrial fasteners industry, with a focus on the development of the industrial fasteners business to end-customers, dealers and distributors in Singapore and countries within Southeast Asia.

Prior to joining the Group, Mr Lim was most recently the managing director/owner of Cima Marketing & Procurement, a sole proprietorship, and Cima Marketing Pte. Ltd., which were engaged in the trading of industrial fasteners.

Mr Lim holds a Diploma in Marketing from the Chartered Institute of Marketing (United Kingdom), and a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

CORPORATE RESPONSIBILITY

As a responsible corporate citizen, PS Group has always placed strong emphasis on creating a working environment which embodies our commitment to sound business practices and dedication towards shaping a more sustainable society.

Through the years, we have fostered a corporate culture which places our employees' well-being at the forefront of the business. We believe that a positive corporate culture, which looks after our people and the community, will enhance the quality of life for all and benefit the community at large.

Our philosophy is grounded in three key areas:

WORK-LIFE BALANCE: We recognise the importance of achieving a balance between our employees' work and personal life. We are committed to building a working environment which benefits the overall well-being of our employees. By accommodating to our employees' personal commitments and advocating a more flexible working arrangement, we believe they will be able to perform to the best of their abilities.

PROFESSIONAL DEVELOPMENT: Our employees play a fundamental role in the development and expansion of our business. Hence, we believe in enhancing our employees' core competencies to help them stay relevant in the industry, by enabling them to achieve their full potential and make further contribution to the Group. Over the years, we have sponsored a number of courses to help our employees develop new skill sets and strengthen their leadership skills. We believe that these investments in our people have reaped tangible benefits and we will continue to provide training opportunities to our employees.

WORKPLACE HEALTH AND SAFETY: With safety as a top priority, we seek to minimize occupational, health and safety risks associated with our daily operations. Hence, it is mandatory for all our employees to observe and comply with all applicable laws and regulations, as well as our internal operational policies and standards. By monitoring the operational activities within our premises, we hope to create a safe working environment for our employees.

Giving back to our community

Since the Group's beginnings, we have always recognised that giving back to our community is an ongoing commitment, and a significant part of our efforts to make a difference to society. For many years, we have funded charitable organisations which focused on caring for the underprivileged, as well as support other beneficiaries to contribute back to society.

The recognition of good performance extends beyond our employees and to their families as well. Since 2007, we have been granting bursaries to our employees' children who have achieved academic excellence. Our bursary scheme has benefited children from pre-primary education through to tertiary education. We believe that by rewarding and investing in our employees' children, we are also grooming the future leaders of our country.

CORPORATE GOVERNANCE REPORT

PS Group Holdings Ltd. (the "Company" or "PS Group" and, together with its subsidiaries, the "Group") is committed to maintaining good corporate governance to enhance and protect the interests of the Company's shareholders.

The Board of Directors of the Company (the "Board") is pleased to report on the corporate governance processes for FY2015 with specific reference to the principles of the Code of Corporate Governance of 2 May 2012 (the "Code"), and the requirements of the SGX-ST, where relevant. Where there are deviations from the Code, appropriate explanations have been provided.

BOARD MATTERS

The Board's Conduct of its Affairs

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

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business and corporate affairs of the Group. The principal duties of the Board include:

- Setting the Group's strategic objectives and ensuring that the necessary financial, human and other resources are in place for the Group to meet its objectives;
- Reviewing and approving, *inter alia*, the release of the interim and full year results announcements, the annual report and financial statements, material acquisitions and disposals of assets and interested person transactions of the Group;
- Establishing, reviewing and approving the annual budget, as well as evaluating the Group's financial performance against the budget;
- Evaluating the adequacy of internal controls, risk management policies, financial reporting and compliance with all relevant statutory and regulatory requirements;
- Reviewing management's achievement of goals and overseeing succession planning for management;
- Approving nominations to the Board and appointment of key management personnel;
- Setting the Group's values and standards (including ethical standards) and ensuring the obligations to shareholders and other stakeholders are understood and met; and
- Assuming responsibility for the corporate governance of the Group.

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

The Board has delegated certain functions to various Board committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each of these Board committees has its own written terms of reference, and their actions are reported to and monitored by the Board. The Board accepts that while these Board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Board meets every half-yearly to approve, amongst others, announcements of the Group's half-year and full year financial results. The Board may hold additional meetings or have informal discussions on matters that require urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc meetings are also convened as and when they are deemed necessary. As provided in the Company's constitution ("Constitution"), the Board may convene telephonic and videoconferencing meetings. Matters specifically reserved for the Board's approval are those involving material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends to shareholders and interested person transactions. Clear directions have been imposed on the Group's management that such matters must be approved by the Board.

The number of Board and Board committee meetings held during FY2015 and the attendance of each Director are set out as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	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
Teo Choon Hock	3	3	2	2[(1)]	1	1	1	1[(1)]
Kwek Keng Seng	3	3	2	2[(1)]	1	1[(1)]	1	1[(1)]
Ang Miah Khiang	3	3	2	2	1	1	1	1
Tan Chin Keong	3	3	2	2	1	1	1	1
Tan Jee Ming	3	3	2	2	1	1	1	1

(1) Attendance at meetings on a "By Invitation" basis.

The Board will ensure that incoming newly-appointed Directors will be provided a formal letter which will set out their duties, responsibilities and disclosure obligations, and that sufficient guidance and orientation, including onsite visits, are given to the new Directors to familiarise themselves with the Group's businesses and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties.

In addition, all Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group by participating in relevant training courses, seminars and workshops as relevant and/or applicable.

Board Composition and Guidance

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.

As at the date of this Annual Report, the Board comprises five (5) Directors, of which three (3) are Independent Non-Executive Directors (the "Independent Directors" or each the "Independent Director") and their membership on the Board committees are as follows:

	Directors	Board Membership	Audit Committee	Remuneration Committee	Nominating Committee
1	Teo Choon Hock	Executive Chairman	-	-	Member
2	Kwek Keng Seng	Managing Director	-	-	-
3	Ang Miah Khiang	Lead Independent Director	Chairman	Member	Member
4	Tan Chin Keong	Independent Director	Member	Chairman	Member
5	Tan Jee Ming	Independent Director	Member	Member	Chairman

The Board comprises Directors who are qualified and experienced in various fields including the business and management of the Group, as well as accounting, finance and legal practices. The NC is of the view that the current Board comprises persons who as a group have core competencies necessary to lead and manage the Group effectively. Further, the three (3) Independent Directors make up more than half of the Board and provide the Board with independent and objective judgment on the corporate affairs of the Group.

The NC has reviewed and is satisfied that the current composition and size of the Board is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations. The NC continually reviews the composition of the Board, taking into account the balance and diversity of skills, experience, and gender, among other factors.

Each Independent Director has confirmed that he does not have any relationship (including those relationships and circumstances as provided in Guideline 2.3 of the Code) with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in carrying out the functions as an Independent Director with a view to the best interests of the Group. The NC has reviewed, determined and confirmed the independence of the Independent Directors. There is no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment. Guideline 2.4 of the Code is therefore not applicable to the Board.

The Independent Directors will meet on a need-to basis without the presence of management to discuss matters, such as the Group's financial performance, corporate governance and risk management initiatives, Board processes, any internal audit observations, succession planning as well as leadership development and the remuneration of Executive Directors.

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 Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business, and no one individual should represent a considerable concentration of power.

Mr Teo Choon Hock is the Executive Chairman of the Board. He assumes responsibility for the smooth functioning of the Board and ensures the timely flow of information between management and the Board. Mr Teo also sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues; promoting a culture of openness and debate at the Board-level; and promoting high standards of corporate governance. In addition, he also assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

The Board has not adopted the recommendation of the Code to have separate Directors appointed as the Chairman and the chief executive officer ("CEO") as the Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. Further, given the Group's current corporate structure, size, nature and scope of operations, the Board is satisfied that one person is able to effectively discharge the duties of both positions.

The Board has also appointed Mr Ang Miah Khiang as the Lead Independent Director to co-ordinate and lead the Independent Directors in providing a non-executive perspective and balanced viewpoints on the Board. He is the principal liaison in the event that any issue arises between the Independent Directors and the Executive Directors. In addition, he is available for the Company's shareholders with concerns, when contact through the normal channels via the Executive Chairman, and/or when the Financial Controller ("FC") has failed to provide satisfactory resolution, or when such contact is inappropriate. Mr Ang Miah Khiang will also take the lead in ensuring compliance with the Code.

All the Board committees are chaired by Independent Directors and more than half of the Board consists of Independent Directors.

Board Membership

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

The NC consists of three (3) Independent Directors and one (1) Executive Director, the majority of whom, including the NC Chairman, are independent:

Mr Tan Jee Ming	-	Chairman
Mr Ang Miah Khiang	-	Member
Mr Tan Chin Keong	-	Member
Mr Teo Choon Hock	-	Member

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include the following:

- Review the structure, size and composition of the Board and Board committees and making recommendation to the Board, where appropriate;
- Nomination and re-nomination of Directors having regard to their contribution and ability to commit sufficient time and attention to the affairs of the Group, taking into account their respective commitments outside of the Group;
- Determine annually whether or not a Director is independent as guided by the Code and any other salient factors;
- Evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company;
- Review the Board succession plans for Directors;
- Develop a process for evaluating the performance of the Board, its Board committees and Directors and implementing such process for assessing the effectiveness of the Board as a whole and the contribution of each individual Director;
- Review training and professional developments programs for the Board;
- Review and approve any new employment of persons related to the Directors, CEO and substantial shareholders of the Company and the proposed terms of their employment; and
- Perform such other duties or functions as may be delegated by the Board or required by regulatory authorities.

There is an informal succession plan put in place by the Executive Chairman. Going forward and at the relevant time, the NC will look into possibly formalising such a plan in close consultation with the Executive Chairman.

The Group has an open policy for professional training for all the Board members, including the Executive Directors and Independent Directors. All Board members are encouraged to attend relevant trainings organised by the Singapore Institute of Directors ("SID") or any other organisation which provides relevant training courses for directors. The cost of such training will be borne by the Group.

The NC has in place formal, written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board. Before making a nomination, the NC will evaluate the balance of skills, knowledge and experience of the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

In identifying suitable candidates, the NC may:

- Advertise or use services of external advisers to facilitate a search; and
- Consider candidates from a wide range of backgrounds from internal or external sources.

After shortlisting the candidates, the NC shall consider and interview candidates on merit against objective criteria, taking into consideration whether the candidate can devote sufficient time and attention to the affairs of the Group. The NC will, in its assessment of the capacity of the Directors, take into account, the scale and nature of the Group's business and the Directors respective commitments outside of the Group, such as, their principal occupation and other involvements.

As mentioned under Principle 2 above, the NC also reviews the independence of the Directors annually based on Guideline 2.3 of the Code's definition of what constitutes the independence of the Independent Directors. Notwithstanding that the Chairman of the Board is an Executive Director, the Company maintains a strong and independent element on the Board with Independent Directors making up more than half of the Board. None of the Directors on the Board are related and they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Group. The NC has affirmed that Mr Ang Miah Khiang, Mr Tan Jee Ming and Mr Tan Chin Keong are independent. Each of the Independent Directors has also confirmed his independence.

Pursuant to Article 98 of the Constitution of the Company, at least one-third of the Directors shall retire from office by rotation and subject to re-election at the annual general meeting ("AGM") of the Company. Accordingly, Mr Ang Miah Khiang and Mr Tan Chin Keong will retire and seek re-election at the forthcoming AGM. The NC has recommended to the Board that the retiring Directors be nominated for re-election. In making the recommendations, the NC has considered the Directors' overall contribution and performance. Each member of the NC shall abstain from voting on any resolutions with respect to his re-election as a Director. Mr Ang Miah Kiang will, upon re-election as a Director, remain as Lead Independent Director and Chairman of the AC and a member of the NC and the RC. Mr Tan Chin Keong will, upon re-election as a Director, remain as Chairman of the RC and a member of the AC and the NC.

As at the date of this Annual Report, none of the Directors hold more than three (3) directorships in other publicly-listed companies. The Board has not fixed the maximum number of publicly-listed company board representations which any Director may hold. It will do so when deemed necessary. All Directors are required to declare their board appointments. The NC has reviewed and is satisfied that notwithstanding their multiple board appointments and principal commitments, Mr Ang Miah Khiang and Mr Tan Jee Ming, who sit on multiple boards of publicly-listed companies, have been able to devote sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors of the Company. The Company does not have any alternate Directors as the Board does not encourage the appointment of alternate Directors unless there is an exceptional reason for such an appointment.

Board Performance

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

On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole. The Board assesses the following areas, such as the Board structure, operation, roles and responsibilities of the Board and Board committees and the performance objectives of the Board. The NC leads the Board, collectively, to complete a Board performance evaluation form annually which is designed to gather its views on various aspects of the Board performance, so as to assess the overall effectiveness of the Board. Based on the evaluation results, the Chairman of the NC will, in turn, present his recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance against certain short and long-term financial and non-financial performance indicators.

The NC has also conducted an annual assessment of the contribution of each individual Director to the effectiveness of the Board and an assessment of the Board committees. Following the review, the NC is of the view that the Board and its Board Committees operate effectively and despite multiple board representations in certain instances, each Director has been contributing to the overall effectiveness and objectives of the Board.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider if such an engagement is required.

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.***

The Group's management recognises the importance of smoothening the flow of complete, adequate and timely information to the Directors, so as to enable them to make informed decisions in discharging their duties and responsibilities. Regular updates on the Group's financial performance, position and prospects, among others, are provided to the Independent Directors by the management at Board and Board committee meetings. To allow Directors sufficient time to prepare for the meetings, all Board and Board committee papers are distributed to the Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

Board papers, if required, will be prepared and furnished to the Board for approval and they may include background and explanatory information, such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who are able to provide additional insight into matters to be discussed may be present at the relevant time during the Board and Board committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

To facilitate direct access to management, Directors are also provided with the names and contact details of the management team. The Directors also have separate and independent access to the Company Secretary, the external auditors, internal auditors and other professional advisers, where relevant. The Company Secretary assists the Chairman in ensuring good information flow within the Board and its Board committees, and between management and the Independent Directors. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act, and the SGX-ST Listing Manual Section B: Rules of Catalist ("Listing Manual"), are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The Company Secretary attends and prepares minutes for the Board and Board committee meetings. As secretary for all board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman of the various Board committees and management in the development of the agenda for the various Board and Board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval. The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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.***

Disclosure on 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 RC consists of three (3) members, all of whom are Independent Directors:

Mr Tan Chin Keong	-	Chairman
Mr Ang Miah Khiang	-	Member
Mr Tan Jee Ming	-	Member

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors, key management personnel and employees who are related to the Directors and substantial shareholders of the Company. The overriding principle is that no Director should be involved in deciding his or her own remuneration. The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- Review and recommend to the Board for endorsement, a framework of remuneration for the Board, key management personnel and employees who are related to the Directors and/or substantial shareholders of the Company. The framework covers all aspect of remuneration, including but not limited to, Director's fees, salaries, allowances, bonuses, share options, share-based incentives and awards and other benefits-in-kind with a goal to motivate, recruit and retain employees through competitive compensation and progressive policies;

- Review and recommend to the Board the specific remuneration packages for each Executive Director;

- Perform an annual review of the remuneration of any employees who are related to the Directors and/or substantial shareholders of the Company (if any) to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

- Review and approve any bonuses, pay increases and/or promotions for any employee related to the Directors and/or substantial shareholders of the Company;

- Administer all share and share option plans in accordance with the rules of such share plans and the Listing Manual; and

- Perform such other duties or functions as may be delegated by the Board or required by regulatory authorities.

There are no termination or retirement benefits that are granted to the Directors. The Company does not intend to use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company, and the Company should be able to avail itself to remedies against the Executive Directors in the event that there is a breach of fiduciary duties. In addition, the Company has in place alternative corporate governance practices, such as a Whistle Blowing Policy and an outsourced internal audit function, which are described herein as checks and balances to prevent the occurrence of such instances.

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Group's relative performance and the performance of individual Directors and key management personnel.

On 18 June 2013, the Company entered into separate service agreements with Mr Teo Choon Hock and Mr Kwek Keng Seng in relation to their appointments as Executive Chairman and Managing Director, respectively. The service agreements are valid for an initial period of three (3) years with effect from the date of admission of the Company to Catalist, and thereafter shall be renewed annually on such terms and conditions as the parties may agree. Based on the terms of their service contracts, the Executive Directors are entitled to a basic monthly salary and an annual fixed bonus of three (3) months' basic salary. The Executive Directors are also entitled to receive a performance bonus based on the Group's audited consolidated profit before tax before payment of any performance bonus ("PBT"), provided that the Executive Director is under the employment of the Group on the last day of the relevant financial year. The amount of performance bonus will be determined as follows:

Where PBT	Amount of Performance Bonus
- equals to or less than S$2 million	Nil
- exceeds S$2 million and S$1.5 million	3% of the difference between PBT

The Directors receive directors' fees for their services. The RC also ensures that the fees paid to Directors are appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities. The RC ensures that the Independent Directors should not be over-compensated to the extent that their independence may be compromised. No Director is involved in deciding his or her own remuneration package.

Performance conditions such as the financial performance of the Group, as well as other business objectives which may from time to time be determined by the Board are used to determine the short-term incentive schemes employed in the remuneration of the Executive Directors and key management personnel.

In addition, all employees of the Group, including the Directors, are eligible to participate in the Company's performance share plan known as the "PS Group Holdings Performance Share Plan" ("PSP") and share option scheme known as the "PS Group Holdings Employee Share Option Scheme" ("ESOS"), which are employed as long-term incentives in the remuneration of the Executive Directors and key management personnel. Both the PSP and ESOS allow the Company greater flexibility in aligning the interest of employees, especially key management personnel, with that of the Company's shareholders. They also allow for the retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group. The PSP and ESOS are administered by the RC. The performance conditions used to determine the entitlements of the Executive Directors and key management personnel under these long-term incentive schemes include time-based service conditions and/or specific performance targets imposed by the Group, taking into account factors such as (i) the business strategies, plans and directions of the Company and the Group; (ii) the actual job scope and responsibilities of the employee; and (iii) the prevailing economic conditions.

All revisions to the remuneration packages of the Directors are subject to the review by and approval of the Board. Directors' fees are further subject to the approval of shareholders at the AGM. Where necessary, the RC will consult external professionals on remuneration matters relating to the Directors and key management personnel.

The remuneration of the Directors for FY2015 and the various components of their remuneration in percentage terms are fully disclosed below in compliance with the recommendation of the Code.

Remuneration Band and Name of Director	Total Remuneration	Salary[1]	Bonus[1]	Directors' fees[2]	Total
	S$	%	%	%	%
Teo Choon Hock	464,175	78.7	17.0	4.3	100.0
Kwek Keng Seng	396,700	77.5	17.5	5.0	100.0
Ang Miah Khiang	30,000	-	-	100.0	100.0
Tan Chin Keong	25,000	-	-	100.0	100.0
Tan Jee Ming	25,000	-	-	100.0	100.0

(1) Inclusive of provident funds

(2) Directors' fees for FY2015 had been approved at the Company's AGM held on 17th April 2015.

The remuneration received by the top five (5) key management personnel (who are not Directors or the CEO), including Mr Teo Yong Tat, who is the son of Mr Teo Choon Hock, for FY2015 is below S$250,000 for each of these personnel. The Company has not disclosed the names and details of the remuneration of its top five (5) key management personnel as the Board is of the view that it is not in the best or commercial interest of the Company and the employees of the Group to disclose such details due to the sensitive nature of such information.

Save as disclosed, there is no employee who is an immediate family member of a Director or Substantial Shareholder of the Company whose remuneration exceeded S$50,000 during FY2015. The remuneration of employees related to the Directors and substantial shareholders of the Company (if any), will also be reviewed annually by the RC.

There are currently no potential, issued or outstanding employee share options to be granted or granted by the Company.

Further information on Directors and the key management personnel are on pages 6 to 8 of this Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

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

Risk Management and Internal Controls

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

The Board is accountable to the Company's shareholders and ensures that all material information is fully disclosed in a timely manner in compliance with statutory and regulatory requirements. The Board strives to provide the Company's shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including the requirements of the SGX-ST, where relevant. The Independent Directors, may in consultation with management, request for the establishment of written policies of any particular matter that is deemed to be essential to form part of management control.

Management provides appropriately detailed management accounts of the Group's financial performance on a quarterly basis to the Board, so as to enable the Board to make a balanced and informed assessment of the Group's financial performance, position and prospects. As and when circumstances arise, the Board can request for management to provide any necessary explanation and/or information on the management accounts of the Group.

The Board is responsible for the governance of risk. It ensures that management maintains a sound system of risk management and internal controls to safeguard the interests of the Company's shareholders and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving the Group's strategic objectives.

The Group's management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

The Board notes that the system of internal controls is designed to manage, rather than to eliminate, the risk of failure in achieving business objectives, and that no system of risk management and internal control can provide absolute assurance against the occurrence of errors, losses, fraud or other irregularities and the containment of business risks. Nonetheless, the Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and IT controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' interests and the Group's assets, and will look into the need to establish a separate board risk committee at the relevant time.

To ensure that the Group's risk management and internal control systems are adequate and effective, the Group has in place a Risk Governance and Internal Control Framework which sets out the Board's approved code of ethics, risk appetite and risk tolerance guidance, authority and risk control matrix, key control activities and key reporting and activities that management must adhere to. The Company has continued to engage RSM Ethos Pte. Ltd. ("RSM") as internal auditors who have presented their Internal Audit ("IA") report to the AC and the Board to assist them in their review of the Group's risk management and internal control systems, focusing on financial, operational and compliance and IT controls.

The Group's management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and IT controls, and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the Board and the AC for further discussion. The Board and the AC also work with the internal auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.

The Board has obtained the assurance from the Executive Chairman and the FC that the financial records have been properly maintained, the financial statements for FY2015 give a true and fair view of the Group's operations and finances, and that the Group's risk management and internal control systems are effective pursuant to the recommendation of Guideline 11.3 of the Code.

In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, external auditors, and reviews performed by management, various Board committees and the Board so far, the AC and the Board are of the opinion that the Group's risk management and internal control systems, addressing financial, operational, compliance and IT risks are adequate as at the date of this Annual Report.

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 consists of three (3) members, all of whom are Independent Directors:

Mr Ang Miah Khiang	-	Chairman
Mr Tan Chin Keong	-	Member
Mr Tan Jee Ming	-	Member

None of the AC members are former partners or directors of the Company's existing auditing firm or audit corporation.

The members of the AC carried out their duties in accordance with the terms of reference which include the following:

- Review the relevance and consistency of the accounting standards and policies, the significant financial reporting issues, recommendations and judgements made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before submission to the Board for review and approval;

- Review with the internal auditors the internal audit plan and their evaluation of the adequacy of the internal controls and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and IT risks and controls prior to incorporation of such results in the annual report;

- Review the scope and results of the external audit, and the independence and objectivity of the external auditors;

- Monitor and review that the implementation of the external auditors' and internal auditors' recommendations concurred with management in relation to the adequacy of the Group's internal controls and accounting system addressing financial, operational, compliance and IT risks;

- Make recommendations to the Board on proposals to the shareholders of the Company for the appointment and re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

- Review the co-operation given by management to the external auditors and internal auditors, where applicable;
- Review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time;
- Review and approve interested person transactions and review procedures thereof;
- Review potential conflict of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- Review and approve foreign exchange hedging polices, if implemented, by the Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- Review the Group's risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announce immediately via SGXNET;
- Investigate any matters within its terms of reference;
- Review the policy and arrangements by which the staff of the Group and external parties may, in confidence, raise concerns about possible improprieties on matters of the Group's business operations and financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- Undertake generally such other functions and duties as may be required by statute or the Listing Manual, as amended from time to time; or as may be delegated by the Board.

As part of its review, the AC shall also:

- Commission an annual internal audit to ensure that the Group's internal controls, including financial, operational, compliance and IT controls are robust and effective.
- Commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The AC meets at least on a bi-annual basis and plays a key role in assisting the Board to review significant financial reporting issues and judgements, so as to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance.

The AC reviews the adequacy and effectiveness of the internal control systems, including financial, operational, compliance and IT controls annually and reports its findings to the Board accordingly.

The Board considers Mr Ang Miah Khiang, a fellow with the Institute of Singapore Chartered Accountants, and who has extensive and practical financial management knowledge and experience, well-qualified to chair the AC. The other members of the AC bring with them invaluable experience in finance and business management. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC.

The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on the Group's financial statements. During FY2015, the changes in the accounting standards did not have any significant impact on the Group's financial statements. The AC reviews the audit plan and the scope of examination by the external auditors before recommending the same to the Board for approval. This is done prior to the commencement of the audit, as well as the assistance given by the Group's officers to the external auditors. The AC also discusses with the external auditors the results of their examinations and their evaluation of the Group's financial controls that have a material impact on the financial statements, and at least once a year, holds separate sessions with them without the presence of the Company's management to discuss any matters deemed appropriate to be discussed privately. In addition, the AC reviews announcements relating to the Group's half-year and full year financial results, the financial statements of the Company and the consolidated financial statements of the Group prior to its recommendations to the Board for review and approval.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to management and full discretion to invite any Director or key management personnel to attend its meetings. The AC is reasonably resourced to enable it to discharge its functions properly. During FY2015, the AC has received full co-operation from the Group's management and officers in the course of carrying out its duties. The AC is also satisfied with the adequacy of the scope and quality of the external audits conducted by Ernst & Young LLP. The Company confirms that it is in compliance with Rules 712 and 715(1) of the Listing Manual in relation to its external auditors.

The aggregate amount of audit and non-audit fees paid or payable to the external auditors for FY2015 are S$65,000 and S$6,000 respectively. The non-audit services fees paid to the Company's auditors, Ernst & Young LLP, during FY2015 were solely for tax compliance services rendered to the Group.

The AC, having reviewed the independence and objectivity of the external auditors and the scope and value of all non-audit services provided to the Group by the external auditors, Ernst & Young LLP, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Having been satisfied as to the foregoing and that Rules 712 and 715 of the Listing Manual have been complied with, the AC has recommended to the Board the re-appointment of Ernst & Young LLP as external auditors of the Company at the forthcoming AGM.

Whistle Blowing Policy

The Company has adopted a Whistle Blowing Policy to provide a channel for employees of the Group and external parties to report, in good faith and in confidence, their concerns about possible improprieties relating to financial reporting or on other matters. The AC exercises the overseeing function over the administration of the Whistle Blowing Policy. The Whistle Blowing Policy provides for procedures to ensure that:

- Independent investigations are carried out in an appropriate and timely manner;
- Appropriate action is taken to correct the weakness in internal controls and policies that allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- 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.

The Whistle Blowing Policy has been circulated to all employees. As at the date of this Annual Report, there were no reports received through the whistle blowing mechanism.

Internal Audit

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

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard the interests of the Company's shareholders and the Group's business and assets, while the Group's management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors are to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular internal audits of high-risk areas.

The AC has continued to engage RSM as the Group's internal auditors in FY2015. The AC, having considered, amongst others, the reputation and track record of RSM and the qualifications, experience and availability of resources and independence of the team at RSM, is satisfied that the appointment of RSM as internal auditors is appropriate. The internal auditors' primary line of reporting is to the Chairman of the AC. Administratively, the internal auditors report to the Executive Chairman. The engagement of RSM as the Group's internal auditors, its fee proposal and the internal audit plan in respect of FY2015 were reviewed and endorsed by the AC. The internal auditors confirm that they have carried out their function in accordance with the Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The AC reviews the reports issued by the internal auditors to ensure that the Group's internal controls, including financial, operational, compliance and IT controls are robust and effective, and follows up with the Group's management in ensuring that the internal auditors' recommendations to management have been adequately and appropriately implemented. The AC also ensures that the Group's management provides good support to the internal auditors, such as providing the internal auditors with access to documents, records, properties and personnel when requested in order for them to carry out their function accordingly. The AC will review the adequacy and effectiveness of the internal audit function at least annually.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Shareholders' Rights

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

Communication with Shareholders

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

Conduct of Shareholders Meetings

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

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including those of its non-controlling shareholders are protected.

The Company is committed to providing its shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the forthcoming AGM which will be held in Singapore. Shareholders are able to proactively engage the Board and the Group's management on the Group's business activities, financial performance and other business related matters. Aside from the AGM, shareholders can also contact the Company directly, via the FC, if they have any questions concerning the Group. The Company also meets with retail and institutional investors, when the opportunity arises.

The Group is committed to maintaining high standards of corporate disclosure and transparency, whilst safeguarding its commercial interests. The Group values dialogue sessions with the Company's shareholders. The Group believes in regular, effective and fair communication with the Company's shareholders and is committed to hearing shareholders' views and addressing their concerns, if any.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and the Group's corporate website, through the release of corporate announcements and press releases, if appropriate.

To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released by the Company to members of the public via SGXNET.

The SGXNET and the Group's corporate website are the key resources of information for the Company's shareholders. In addition to the financial results, the Group's corporate website contains other investor related information on the Group, including financial highlights and corporate information.

The Company does not currently have a fixed dividend policy. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- The level of the Group's cash and retained earnings;
- The Group's actual and projected financial performance;
- The Group's projected levels of capital expenditure and other investment plans;
- The Group's working capital requirements and general financing condition; and
- Restrictions on payment of dividends imposed by the Group's financing arrangement, if any.

In view of the Group's financial results for FY2015, the Board is proposing that no dividend be declared in respect of FY2015.

The Group supports and encourages active shareholders' participation at the Company's general meetings. The Board believes that general meetings serve as an opportune forum for the Company's shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings are disseminated through notices in the annual reports or circulars sent to all shareholders of the Company. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website. The Company's Constitution also allow for its shareholder to appoint up to two proxies to attend general meetings and vote on their behalf.

In addition, pursuant to Section 181 (1C) of the Companies (Amendments) Act 2014, a member who is a custodian institution or relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

As the authentication of personal information and other related security issues remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax. Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors, including the Chairman of the Board and the respective Chairman of the AC, NC and RC, the Group's management, and the external auditors intend to be present at the Company's general meetings to address any queries of its shareholders.

The Company intends to record the minutes of general meetings that include relevant and substantive comments from its shareholders relating to the agenda of the meetings and responses from the Group's management. Such minutes will be available to the Company's shareholders upon their request.

The Board will adhere to the requirements under Rule 730(A)(2) of the Listing Manual where all resolutions are to be voted by poll at the forthcoming AGM.

Dealing in Securities

In line with Rule 1204(19) of the Listing Manual, the Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of securities of the Company. The policies prohibit dealings in the Company's securities by the Directors and employees of the Group, while in possession of unpublished price sensitive information. Directors and employees of the Group are not allowed to deal in the Company's securities on short-term considerations and during the one month before the announcement of the Group's half-year and full year financial results. The Directors and the employees of the Group are also expected to observe insider trading laws at all times, even when dealing in securities within the permitted trading period. The Directors and employees of the Group are also required to adhere to the provisions of the Securities and Futures Act (Chapter 289), Companies Act (Chapter 50), the Listing Manual and any other relevant laws and regulations with regard to their securities transactions.

Material Contracts

The Company confirms that save for the service agreements between the Company and the Executive Directors, Mr Teo Choon Hock and Mr Kwek Keng Seng, there are no other material contracts of the Company and its subsidiaries involving the interest of the Executive Chairman, any Director or controlling shareholder of the Company either still subsisting as at 31 December 2015 or if not then subsisting, entered into after 31 December 2015.

Non-Sponsor Fees

With reference to Rule 1204(21) of the Listing Manual, there were no non-sponsor fees paid to the Company's sponsor, United Overseas Bank Limited, in FY2015.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and such transactions are conducted at arm's length basis and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company does not have a shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

The Company confirms that there were no interested person transactions that were entered into during FY2015.

Use of Proceeds Arising From the Initial Public Offering

Pursuant to the Company's initial public offering on the Catalist of the SGX-ST ("IPO") and its offer document dated 3 July 2013 ("Offer Document") issued in connection thereto, the Company raised net proceeds from the IPO ("Net Proceeds") of approximately S$3.8 million (after deducting expenses of approximately S$1.3 million incurred by the Company in connection with the IPO). As at the date of this Annual Report, the Net Proceeds have been utilised as follows:-

S$'000	Allocation of Net Proceeds (as disclosed in the Offer Document)	Reallocation of the use of Net Proceeds	Net Proceeds utilised	Net Proceeds unutilised
To enhance existing warehouse facilities and upgrade the inventory management system	1,000	(450)	(172)	378
PSC Contribution[(1)]	–	450	(450)	–
General working capital	2,831	–	(2,831) [(2)]	–
	3,831	–	(3,453)	378

(1) *The amount relates to the Company's share of capital injection in its 90.0% owned subsidiary, PS Components Pte. Ltd. ("PSC") (the "PSC Contribution"). Please refer to the Company's announcement dated 26 February 2015 on SGXNET for further information.*

(2) *The entire amount was applied to the purchase of inventory and towards plans to diversify the Group's product range.*

CONTENTS

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of PS Group Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

Directors

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

Teo Choon Hock
Kwek Keng Seng
Ang Miah Khiang
Tan Chin Keong
Tan Jee Ming

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interests in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest	
Name of directors	**At beginning of the financial year**	**At the end of the financial year**
The Company		
Ordinary shares		
Teo Choon Hock	26,179,904	26,179,904
Kwek Keng Seng	21,420,096	21,420,096
Tan Jee Ming	20,000	20,000

By virtue of Section 7 of the Act, Teo Choon Hock and Kwek Keng Seng are deemed to have interests in the whole of the share capital of the Company's subsidiaries.

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

Share options

During the financial year, there were:

(a) No options granted by the Company to any person to take up unissued shares of the Company; and

(b) No shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit committee

The audit committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the half yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational, compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed 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;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the board of directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

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

DIRECTORS'
STATEMENT (CONTINUED)

Auditor

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

On behalf of the Board of Directors:

Teo Choon Hock
Director

Kwek Keng Seng
Director

Singapore
22 March 2016

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2015

Report on the financial statements

We have audited the accompanying financial statements of PS Group Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 30 to 60, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
22 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 S$	2014 S$
Revenue	4	11,071,314	11,000,208
Cost of sales		(8,147,000)	(7,847,639)
Gross profit		2,924,314	3,152,569
Other income	5	62,462	62,850
Expenses			
Selling and distribution expenses		(1,042,331)	(643,124)
Administration expenses		(2,194,741)	(2,021,781)
Finance expenses	6	(59,553)	(60,182)
(Loss)/profit before tax	7	(309,849)	490,332
Income tax expense	8	(9,335)	(9,625)
(Loss)/profit net of tax, representing total comprehensive income for the financial year		(319,184)	480,707
Attributable to:			
Owners of the Company		(309,483)	480,707
Non-controlling interests		(9,701)	–
Total comprehensive income for the year		(319,184)	480,707
(Loss)/earnings per share attributable to owners of the Company:			
Basic and diluted (cents per unit)	9	(0.46)	0.71

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

BALANCE SHEETS

As at 31 December 2015

	Note	Group 2015 S$	Group 2014 S$	Company 2015 S$	Company 2014 S$
ASSETS					
Non-current assets					
Property, plant and equipment	10	2,990,721	3,105,661	667	1,200
Investments in subsidiaries	11	–	–	7,253,522	6,803,522
		2,990,721	3,105,661	7,254,189	6,804,722
Current assets					
Inventories	12	8,077,704	7,607,227	–	–
Trade and other receivables	13	2,306,093	2,125,609	4,351,362	5,038,211
Prepaid operating expenses		87,254	89,734	34,900	34,900
Cash and cash equivalents	14	1,487,533	2,874,965	13,275	143,188
		11,958,584	12,697,535	4,399,537	5,216,299
Total assets		14,949,305	15,803,196	11,653,726	12,021,021
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	15	2,358,760	2,542,563	66,600	174,085
Loans and borrowings	16	309,303	466,667	–	–
Income tax payable		5,256	21,024	–	–
		2,673,319	3,030,254	66,600	174,085
Net current assets		9,285,265	9,667,281	4,332,937	5,042,214
Non-current liabilities					
Loans and borrowings	16	517,410	750,000	–	–
Deferred tax liabilities	17	18,146	13,328	–	–
		535,556	763,328	–	–
Total liabilities		3,208,875	3,793,582	66,600	174,085
Net assets		11,740,430	12,009,614	11,587,126	11,846,936
Equity attributable to owners of the Company					
Share capital	18	11,397,030	11,397,030	11,397,030	11,397,030
Retained earnings		6,706,607	7,016,090	190,096	449,906
Merger reserves	18	(6,403,506)	(6,403,506)	–	–
		11,700,131	12,009,614	11,587,126	11,846,936
Non-controlling interests		40,299	–	–	–
Total equity		11,740,430	12,009,614	11,587,126	11,846,936
Total equity and liabilities		14,949,305	15,803,196	11,653,726	12,021,021

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

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2015

	Attributable to owners of the Company					
	Share capital S$	Retained earnings S$	Merger reserves S$	Total equity S$	Non controlling interests S$	Total equity S$
Group						
At 1 January 2014	11,397,030	6,535,383	(6,403,506)	11,528,907	–	11,528,907
Profit net of tax, representing total comprehensive income for the financial year	–	480,707	–	480,707	–	480,707
At 31 December 2014 and at 1 January 2015	11,397,030	7,016,090	(6,403,506)	12,009,614	–	12,009,614
Loss net of tax, representing total comprehensive income for the financial year	–	(309,483)	–	(309,483)	(9,701)	(319,184)
Capital contribution from non-controlling interests	–	–	–	–	50,000	50,000
At 31 December 2015	11,397,030	6,706,607	(6,403,506)	11,700,131	40,299	11,740,430

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share capital S$	Retained earnings S$	Total equity S$
Company			
At 1 January 2014	11,397,030	427,849	11,824,879
Profit net of tax, representing total comprehensive income for the financial year	–	22,057	22,057
At 31 December 2014 and at 1 January 2015	11,397,030	449,906	11,846,936
Loss net of tax, representing total comprehensive income for the financial year	–	(259,810)	(259,810)
At 31 December 2015	11,397,030	190,096	11,587,126

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 S$	2014 S$
Operating activities			
(Loss)/profit before taxation		(309,849)	490,332
Adjustments for:			
Interest income	5	(6,089)	(6,397)
Finance expenses	6	59,553	60,182
Depreciation of property, plant and equipment	10	216,589	199,541
Gain on disposal of property, plant and equipment	7	(198)	(906)
Allowance for impairment of trade receivables	13	15,146	–
Provision for slow moving and obsolete inventories	7	53,283	–
Inventories written-down	12	73,010	–
Operating cash flows before changes in working capital		101,445	742,752
Changes in working capital:			
(Increase)/decrease in inventories		(596,770)	133,903
Increase in trade and other receivables and prepaid operating expenses		(192,844)	(102,729)
Increase in trade and other payables		150,154	168,730
Total changes in working capital		(639,460)	199,904
Cash flows from operations		(538,015)	942,656
Income tax paid		(20,286)	(114,910)
Interest received		5,784	6,456
Net cash flows (used in)/from operating activities		(552,517)	834,202
Investing activities			
Purchase of property, plant and equipment	10	(23,449)	(225,584)
Proceeds from disposal of property, plant and equipment		198	7,050
Net cash flows used in investing activities		(23,251)	(218,534)
Financing activities			
Net change in trust receipts		(333,228)	345,596
Finance expenses paid		(60,283)	(61,992)
Capital contribution by non-controlling interests		50,000	–
Repayment of bank loans		(466,667)	(1,133,333)
Repayment of obligations under finance lease		(1,486)	–
Net cash flows used in financing activities		(811,664)	(849,729)
Net decrease in cash and cash equivalents		(1,387,432)	(234,061)
Cash and cash equivalents at beginning of the financial year		2,874,965	3,109,026
Cash and cash equivalents at end of the financial year	14	1,487,533	2,874,965

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

1. Corporate information

1.1 *The Company*

PS Group Holdings Pte. Ltd. (the "Company") was incorporated on 30 April 2013 as an exempt private company limited by shares in Singapore. On 30 May 2013, the Company was converted to a public limited Company and changed its name to PS Group Holdings Ltd.. The Company is domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company and principal place of business of the Group is located at 3 Kaki Bukit Road 2, #01-06 Eunos Warehouse Complex, Singapore 417837.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Descriptions	Effective for annual periods beginning on or after
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosure*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*	To be determined

2. Summary of significant accounting policies (continued)

2.3 *Standards issued but not yet effective (continued)*

Except for FRS 109 and FRS 115, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 are described below.

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 *Functional and foreign currencies*

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

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

2.5 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries to at the end of the reporting period.

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

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

2. Summary of significant accounting policies (continued)

2.6 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 *Subsidiaries*

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

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

2.8 *Property, plant and equipment*

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

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold properties	-	41 years
Leasehold improvements	-	5 to 10 years
Motor vehicles	-	5 to 10 years
Tools and equipment	-	2 to 10 years
Office equipment	-	4 to 10 years
Furniture and fittings	-	2 to 10 years
Computers	-	1 year to 3 years

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

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

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

2.9 *Impairment of non-financial assets*

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

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

2. Summary of significant accounting policies (continued)

2.9 *Impairment of non-financial assets (continued)*

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present locations and conditions are accounted for using the weighted average cost formula.

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

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

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement - Loans and receivables

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

Trade and other receivables, and cash and cash equivalents are classified as loans and receivables.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.11 *Financial instruments (continued)*

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

Trade and other payables, and loans and borrowings are classified as other liabilities.

De-recognition

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

2.12 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

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

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

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

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

2. Summary of significant accounting policies (continued)

2.12 *Impairment of financial assets (continued)*

(a) *Financial assets carried at amortised cost (continued)*

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

2.13 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 *Provisions*

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

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

2.15 *Employee benefits*

(a) *Defined contribution plans*

The Group makes contributions to the Central Provident Fund (“CPF”) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

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

2.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment, net of commission and discount, and excluding taxes or duty.

(a) *Sale of goods*

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

(b) *Interest income*

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (continued)

2.17 *Borrowing costs*

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

2.18 *Leases*

As lessee

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

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

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

2.19 *Taxes*

(a) ***Current income tax***

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

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

(b) ***Deferred tax***

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

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

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

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

2. Summary of significant accounting policies (continued)

2.19 *Taxes (continued)*

(b) ***Deferred tax (continued)***

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(c) ***Sales tax***

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

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

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

2.20 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.21 *Contingencies*

A contingent liability is:

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

2. Summary of significant accounting policies (continued)

2.21 ***Contingencies (continued)***

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

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

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

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

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

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Allowance for slow moving and obsolete inventories

The Company reviews its inventory movement in order to identify slow moving inventories. Where the Company identifies slow moving inventory that had a net realisable value that is lower than its carrying amount, the Company estimates the amounts of allowance on inventory. The carrying amount of the Company's inventories and inventories written down as at the end of the reporting period is disclosed in Note 12 to the financial statements.

4. Revenue

	Group	
	2015	**2014**
	S$	**S$**
Sale of goods	11,071,314	11,000,208

5. Other income

	Group	
	2015	2014
	S$	S$
Commission receivable/received	31,884	42,580
Government grants and credit received	24,489	13,873
Interest income from cash and cash equivalents	6,089	6,397
	62,462	62,850

6. Finance expenses

	Group	
	2015	2014
	S$	S$
Interest expense on:		
- Trust receipts	36,478	25,326
- Bank loans	22,310	34,856
- Obligations under finance lease	765	–
	59,553	60,182

7. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2015	2014
	S$	S$
Audit fees paid to auditors of the Company	65,000	60,000
Non-audit fees paid to auditors of the Company	6,000	6,000
Depreciation of property, plant and equipment	216,589	199,541
Foreign exchange loss, net	17,718	9,185
Warehouse maintenance fee	91,206	44,820
Gain on disposal of property, plant and equipment	(198)	(906)
Allowance for impairment of trade receivables	15,146	–
Provision for slow moving and obsolete inventories	53,283	–
Inventories written-down	73,010	–
Employee benefits expenses (including directors' fees and remuneration):		
- Wages, salaries and bonuses	1,839,877	1,487,763
- CPF contributions and foreign worker levy	160,365	116,962
- Other short-term employee benefits	168,281	158,247

8. Income tax expense

(a) ***Major components of income tax expense***

The major components of income tax expense for the financial years ended 31 December 2015 and 2014 were as follows:

	Group	
	2015	**2014**
	S$	**S$**
Consolidated statement of comprehensive income:		
Current income tax:		
- Current income taxation	5,255	21,024
- Overprovision in respect of previous years	(738)	(2,015)
	4,517	19,009
Deferred tax (Note 17):		
- Origination and reversal of temporary differences	4,818	(9,384)
Income tax expense recognised in profit or loss	9,335	9,625

(b) ***Relationship between tax expense and (loss)/profit before tax***

A reconciliation between tax expense and the product of (loss)/profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 were as follows:

	Group	
	2015	**2014**
	S$	**S$**
(Loss)/profit before tax	(309,849)	490,332
Tax at statutory income tax rate of 17% (2014: 17%)	(52,674)	83,356
Adjustments:		
- Non-deductible expenses	64,390	67,056
- Deferred tax assets not recognised	16,071	–
- Effect of recognition of temporary differences	–	(25,670)
- Effect of partial tax exemption and tax relief	(17,724)	(114,929)
- Overprovision in respect of previous years	(738)	(2,015)
- Others	10	1,827
Income tax expense recognised in profit or loss	9,335	9,625

8. Income tax expense (continued)

(b) *Relationship between tax expense and (loss)/profit before tax (continued)*

As at 31 December 2015, the Group has unutilised tax losses amounting to S$87,607 (2014: Nil) that are available for offset against future taxable profits of a subsidiary for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unabsorbed capital allowances and tax losses are subject to the agreement of the Singapore tax authority.

9. (Loss)/earnings per share

Basic and diluted earnings per share are calculated by dividing the (loss)/profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The Company did not hold any potential dilutive ordinary shares during the financial years ended 31 December 2014 and 2015.

The following table reflects the (loss)/profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 December 2015 and 31 December 2014:

	Group	
	2015	**2014**
	S$	**S$**
(Loss)/profit for the year attributable to owners of the Company	(309,483)	480,707

	Group	
	2015	**2014**
	Numbers	**Numbers**
Weighted average number of ordinary shares for basic and diluted earnings per share	68,000,000	68,000,000

	Group	
	2015	**2014**
	Cents	**Cents**
(Loss)/earnings per share:		
- Basic and diluted	(0.46)	0.71

10. Property, plant and equipment

Group	Leasehold properties S$	Leasehold improvements S$	Motor vehicles S$	Tools and equipment S$	Office equipment S$	Furniture and fittings S$	Computers S$	Total S$
Cost								
At 1 January 2014	4,222,554	32,142	37,400	213,535	23,263	194,835	158,089	4,881,818
Additions	–	3,600	29,495	78,839	899	–	112,751	225,584
Disposal	–	–	–	(68,680)	–	(6,500)	(8,423)	(83,603)
At 31 December 2014 and at 1 January 2015	4,222,554	35,742	66,895	223,694	24,162	188,335	262,417	5,023,799
Additions	–	–	83,747	5,187	1,147	8,216	3,352	101,649
Disposal	–	–	–	–	–	–	(859)	(859)
At 31 December 2015	4,222,554	35,742	150,642	228,881	25,309	196,551	264,910	5,124,589
Accumulated depreciation								
At 1 January 2014	1,339,899	17,625	37,400	132,471	10,288	112,749	145,624	1,796,056
Charge for the financial year	102,989	5,436	5,407	26,415	2,486	20,849	35,959	199,541
Disposal	–	–	–	(63,241)	–	(5,795)	(8,423)	(77,459)
At 31 December 2014 and at 1 January 2015	1,442,888	23,061	42,807	95,645	12,774	127,803	173,160	1,918,138
Charge for the financial year	102,989	5,436	7,993	33,021	2,630	22,540	41,980	216,589
Disposal	–	–	–	–	–	–	(859)	(859)
At 31 December 2015	1,545,877	28,497	50,800	128,666	15,404	150,343	214,281	2,133,868
Net book value								
At 31 December 2014	2,779,666	12,681	24,088	128,049	11,388	60,532	89,257	3,105,661
At 31 December 2015	2,676,677	7,245	99,842	100,215	9,905	46,208	50,629	2,990,721

10. Property, plant and equipment (continued)

(a) ***Assets held under finance lease***

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$83,747 (2014: Nil) by means of finance lease.

The carrying amount of the property, plant and equipment held under finance lease at the end of the reporting period was S$81,653 (2014: Nil).

Leased asset is pledged as security for the related finance lease liabilities.

(b) ***Assets pledged as security***

The Group's leasehold properties with a carrying amount of S$2,676,677 (2014: S$2,779,666) were mortgaged to secure the Group's banking facilities (Notes 16).

(c) ***Company***

Carrying amount of property, plant and equipment of S$667 (2014: S$1,200) as at year end comprise of a computer. Total cost and accumulated depreciation are S$1,600 (2014: S$1,600) and S$933 (2014 S$400), respectively.

11. Investments in subsidiaries

	Company	
	2015	2014
	S$	S$
Shares, at cost	7,253,522	6,803,522

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015	2014
			%	%
Held by the Company				
PS Fasteners Pte. Ltd. *	Singapore	Import and export of bolts, nuts, rivets, fasteners and screw machine products	100	100
PS Components Pte. Ltd. *	Singapore	Import and export of bolts, nuts, rivets, fasteners and related products	90	–

* Audited by Ernst & Young LLP, Singapore.

On 26 February 2015, the Company incorporated a subsidiary, PS Components Pte. Ltd. ("PSC") in Singapore. The initial issued and paid-up share capital of PSC is $500,000 comprising 500,000 ordinary shares. The Company holds 450,000 ordinary shares representing 90% equity interest in PSC, with the remaining 50,000 ordinary shares or a 10% equity interest, held by a minority shareholder.

12. Inventories

	Group 2015 S$	Group 2014 S$
Balance sheet:		
Trading stocks	7,837,200	7,543,137
Goods in transit	240,504	64,090
Total inventories at lower of cost and net realisable value	8,077,704	7,607,227
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	8,113,569	7,813,326
Inclusive of the following charge		
- Inventories written-down	73,010	–
Inventories recognised as an expense for slow moving and obsolete inventories	53,283	–

13. Trade and other receivables

	Group		Company	
	2015 S$	2014 S$	2015 S$	2014 S$
Trade receivables	2,146,411	1,941,605	–	–
Sundry receivables	146,522	180,264	576	1,226
Deposits	13,160	3,740	–	–
Amounts due from subsidiaries	–	–	4,350,786	5,036,985
Trade and other receivables	2,306,093	2,125,609	4,351,362	5,038,211
Add: Cash and cash equivalents (Note 14)	1,487,533	2,874,965	13,275	143,188
Less: GST receivable	(101,885)	(134,029)	(576)	(1,226)
Total loans and receivables	3,691,741	4,866,545	4,364,061	5,180,173

Trade receivables due from third parties were unsecured, non-interest bearing and were generally on 30 to 90 days' terms. They were recognised at their original invoiced amounts which represent their fair values on initial recognition.

Amount due from subsidiaries are unsecured, non-interest bearing, expected to be settled in cash or offset against intercompany balances in future and is repayable upon demand.

Trade and other receivables denominated in foreign currency as at 31 December is as follows:

	Group		Company	
	2015 S$	2014 S$	2015 S$	2014 S$
United States Dollar	206,139	212,806	–	–

13. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to S$1,358,785 (2014: S$1,227,165) that were past due at the end of the reporting period but not impaired. These receivables were unsecured and the analysis of these aging at the end of the reporting period were as follows:

	Group	
	2015	**2014**
	S$	**S$**
Trade receivables past due but not impaired:		
Less than 30 days	572,046	627,201
31 to 60 days	231,068	225,064
61 to 90 days	141,599	170,219
91 to 120 days	128,836	86,967
More than 121 days	285,236	117,714
	1,358,785	1,227,165

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the trade allowance accounts used to record the impairment are as follows:

	Collectively impaired		**Individually impaired**	
	2015	**2014**	**2015**	**2014**
	S$	**S$**	**S$**	**S$**
Trade receivables - nominal amounts	15,146	–	–	–
Less: Allowance for impairment	(15,146)	–	–	–
	–	–	–	–

Movement in allowance accounts:

	Collectively impaired		**Individually impaired**	
	2015	**2014**	**2015**	**2014**
	S$	**S$**	**S$**	**S$**
At 1 January	–	–	–	–
Charge for the financial year	15,146	–	–	–
At 31 December	15,146	–	–	–

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

14. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	S$	S$	S$	S$
Cash at bank	784,533	1,671,965	13,275	143,188
Short-term deposits	700,000	1,200,000	–	–
Cash on hand	3,000	3,000	–	–
	1,487,533	2,874,965	13,275	143,188

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interests at respective short-term deposit rates. The interest rate as at 31 December 2015 for the Group was 0.018% to 0.85% per annum (2014: 0.018% to 0.8% per annum).

Cash and cash equivalents denominated in foreign currency at 31 December is as follows:

	Group		Company	
	2015	2014	2015	2014
	S$	S$	S$	S$
United States Dollar	74,441	39,225	–	–

15. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	S$	S$	S$	S$
Trade payables	506,518	351,456	2,600	13,209
Sundry payables	113,888	4,026	–	–
Accrued operating expenses	387,663	503,162	64,000	160,876
Trust receipts	1,350,691	1,683,919	–	–
Total trade and other payables	2,358,760	2,542,563	66,600	174,085
Add: Loans and borrowings (Note 16)	826,713	1,216,667	–	–
Total financial liabilities carried at amortised cost	3,185,473	3,759,230	66,600	174,085

Trade payables and sundry payables due to third parties were non-interest bearing and were normally settled on 30 days' terms.

Trust receipts bear interest of between 1.7993% and 3.2238% per annum (2014: 1.7547% and 2.1300% per annum) and were normally settled between 120 and 150 days (2014: 120 and 150 days).

Trust receipts were secured by corporate guarantees issued by the Company.

15. Trade and other payables (continued)

Trade and other payables denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2015	2014	2015	2014
	S$	S$	S$	S$
United States Dollar	371,579	286,038	–	–
Australian Dollar	20,641	19,548	–	–
Euro	22,296	–	–	–
Japanese Yen	9,555	–	–	–
Malaysian Ringgit	3,313	1,132	–	–

16. Loans and borrowings

		Group	
	Maturity	2015	2014
		S$	S$
Current:			
Bank loans:			
- SGD loan at 1.50% per annum over the applicable 3-month swap offer rate or 1.50% per annum over the prevailing 3-month cost of funds, whichever is higher	2016/2015	300,000	300,000
- SGD loan at 1.50% per annum above bank cost of funds	2015	–	166,667
Obligations under finance lease (Note 20)	2016	9,303	–
		309,303	466,667
Non-current:			
Bank loans:			
- SGD loan at 1.50% per annum over the applicable 3-month swap offer rate or 1.50% per annum over the prevailing 3-month cost of funds, whichever is higher	2017-2018/ 2016-2018	450,000	750,000
Obligations under finance lease (Note 20)	2017-2022	67,410	–
		517,410	750,000
Total loans and borrowings		826,713	1,216,667

Bank loans were secured by a first legal mortgage over the leasehold properties (Note 10) of the Group as well as corporate guarantee issued by the Company.

<u>Obligations under finance lease</u>

These obligations are secured by a charge over the leased assets (Note 10). The discount rate implicit in the lease is 5.56% p.a. (2014: Nil).

17. Deferred tax liabilities

Deferred tax liabilities as at 31 December relate to the following:

	Group	
	2015	2014
	S$	S$
Deferred tax liabilities:		
Differences in depreciation for tax purposes	18,146	13,328

18. Share capital and merger reserves

(a) ***Share capital***

	Group and Company			
	2015		2014	
	No. of shares	S$	No. of shares	S$
Issued and fully paid ordinary shares:				
At beginning and end of the financial year	68,000,000	11,397,030	68,000,000	11,397,030

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) ***Merger reserves***

This represents the differences between the consideration paid (based on net assets) and the paid-in capital of a subsidiary, PS Fasteners Pte. Ltd., as at 31 December 2012, under common control and accounted for by applying the pooling of interest method.

19. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group, the Company and related parties took place at terms agreed between the parties during the financial year:

Compensation of key management personnel

	Group	
	2015	2014
	S$	S$
Short-term employee benefits	1,347,584	1,068,637
CPF contributions	54,354	30,090
	1,401,938	1,098,727
Comprise amounts paid to:		
Directors of the Company	940,875	947,800
Other key management personnel	461,063	150,927
	1,401,938	1,098,727

20. Commitments

(a) ***Operating lease commitments as lessee***

During the financial year, the Group has entered into a industrial property lease and a motor vehicle lease under the operating lease commitments as lessee.

The tenure of the property is lease and motor vehicle lease is two and three years respectively, with options to renew or extent. The Group is restricted from subleasing the property to third parties without consent from the landlord and is restricted from subleasing the motor vehicle to third parties.

	Group	
	2015	**2014**
	S$	**S$**
Not later than one year	62,400	–
Later than one year but no later than five years	53,600	–
	116,000	–

(b) ***Finance lease commitments***

The Group acquired a motor vehicle under finance lease arrangement.

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

	Group			
	2015		**2014**	
	Minimum lease payment	**Present value of payments (Note 16)**	**Minimum lease payment**	**Present value of payments (Note 16)**
Not later than one year	13,512	9,303	–	–
Later than one year but not later than five years	54,048	43,815	–	–
Later than five years	24,755	23,595	–	–
Total minimum lease payments	92,315	76,713	–	–
Less: Amount representing finance charges	(15,602)	–	–	–
Present value of minimum lease payments	76,713	76,713	–	–

21. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

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

Trade and other receivables (Note 13), cash and cash equivalents (Note 14), trade and other payables (Note 15), and loans and borrowings (Note 16)

The carrying amounts of these financial assets and liabilities were based on their nominal amounts and were reasonable approximation of fair values, either due to their short-term nature or that the interest rates for the financial instruments are close to market interest rate at the end of the reporting period.

22. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's risk management policy seeks to minimise the potential adverse effects from these exposures. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems were reviewed regularly to reflect changes in market conditions and the Group's activities.

The board of directors is responsible for setting the objectives, the underlying principles of financial risk management for the Group and establishing policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms were subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(i) *Excessive risk concentration*

Concentrations arise when a number of counterparties were engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

22. Financial risk management objectives and policies (continued)

(a) ***Credit risk (continued)***

(ii) *Credit risk concentration profile*

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period was as follows:

	2015		2014	
	S$	%	S$	%
Group				
Malaysia	829,685	39	781,474	40
Indonesia	589,539	27	568,716	29
Singapore	327,974	15	251,141	13
Other countries	399,213	19	340,274	18
Total	2,146,411	100	1,941,605	100

At the end of the reporting period, approximately 45% (2014: 40%) of the Group's trade receivables were due from 5 major customers.

(iii) *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that were neither past due nor impaired were placed with or entered into with reputable financial institutions with high credit rating and no history of default.

(iv) *Financial assets that are either past due or impaired*

At the end of the reporting period, the Group has no receivables that were impaired. Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

(b) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

It was the Group's objective to maintain a balance between continuity of funding and flexibility through short-term banking facilities and borrowings from banks in order to meet its liquidity requirements both in the short and long-term.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations.

22. Financial risk management objectives and policies (continued)

(b) *Liquidity risk (continued)*

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments:

	Not later than one year	Later than one year but not later than five years	Later than 5 years	Total
	S$	S$	S$	S$
Group				
2015				
Financial assets				
Trade and other receivables (excluding GST receivables)	2,204,208	–	–	2,204,208
Cash and cash equivalents	1,487,533	–	–	1,487,533
Total undiscounted financial assets	3,691,741	–	–	3,691,741
Financial liabilities				
Trade and other payables	2,358,760	–	–	2,358,760
Loans and borrowings	331,569	515,121	24,755	871,445
Total undiscounted financial liabilities	2,690,329	515,121	24,755	3,230,205
Total net undiscounted financial assets/(liabilities)	1,001,412	(515,121)	(24,755)	461,536
2014				
Financial assets				
Trade and other receivables (excluding GST receivables)	1,991,580	–	–	1,991,580
Cash and cash equivalents	2,874,965	–	–	2,874,965
Total undiscounted financial assets	4,866,545	–	–	4,866,545
Financial liabilities				
Trade and other payables	2,542,563	–	–	2,542,563
Loans and borrowings	486,105	769,923	–	1,256,028
Total undiscounted financial liabilities	3,028,668	769,923	–	3,798,591
Total net undiscounted financial assets/(liabilities)	1,837,877	(769,923)	–	1,067,954

22. Financial risk management objectives and policies (continued)

(b) ***Liquidity risk (continued)***

	Not later than one year	
	2015	**2014**
	S$	**S$**
Company		
Financial assets		
Trade and other receivables (less GST receivables)	4,351,362	5,038,211
Cash and cash equivalent	13,275	143,188
Total undiscounted financial assets	4,364,637	5,181,399
Financial liabilities		
Trade and other payables	66,600	174,085
Total undiscounted financial liabilities	66,600	174,085
Total net undiscounted financial assets	4,298,037	5,007,314

(c) ***Foreign currency risk***

Foreign currency risk arises when transactions were denominated in foreign currencies. The Group has transactional currency exposures arising mainly from sales and purchases that were denominated in a currency other than the respective functional currency of the Group entities, primarily, Singapore dollars ("SGD" or "S$"). The foreign currency in which these transactions were mainly denominated was mainly United States Dollar ("USD" or "US$").

The Group's objective is where possible to limit the effect of exchange rate movements on the Group's earnings by closely monitoring the movement of exchange rate fluctuations but the Group does not use foreign currency forward exchange contracts or purchase currency options for trading purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before taxation to a reasonably possible change in the USD against the functional currency with all other variables held constant:

	Group	
	2015	**2014**
	S$	**S$**
	Loss before tax increase/(decrease)	**Profit before tax increase/(decrease))**
USD - Strengthened 10% (2014: 10%)	9,100	(3,401)
- Weakened 10% (2014: 10%)	(9,100)	3,401

22. Financial risk management objectives and policies (continued)

(d) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk mainly arises from its loans and borrowings and trust receipts. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group's policy is to obtain the most favourable interest rates available for its borrowings and bank deposits.

Sensitivity analysis for interest rate risk

A change of 100 basis points in interest rate at the end of the reporting period would increase/decrease in (loss)/profit after taxation and equity by the amounts as disclosed below. This analysis assumes that all other variables, in particular foreign currency and tax rates, remain constant.

At the end of the reporting period, if SGD interest rates had been 100 (2014: 100) basis points lower/higher with all other variables held constant, the Group's loss before taxation (2014: profit before taxation) would have been S$14,774 lower/higher (2014: S$17,006 higher/lower). This arises mainly as a result of higher/lower interest expense on floating rate loans and borrowings and trust receipts and lower/higher interest income from floating rate for cash at bank.

23. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' values.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group reviews its capital structure at least annually. The capital structure of the Group comprises issued capital and retained earnings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 2014.

	Group	
	2015	**2014**
	S$	**S$**
Loans and borrowings (Note 16)	826,713	1,216,667
Trade and other payables (Note 15)	2,358,760	2,542,563
Less: Cash and cash equivalents (Note 14)	(1,487,533)	(2,874,965)
Net debt	1,697,940	884,265
Equity attributable to the owners of the Company	11,700,131	12,009,614
Capital and net debt	13,398,071	12,893,879
Gearing ratio	15%	7%

24. Segment information

The Group has a single operating segment in the import and export of bolts, nuts, rivets, fasteners and screw machine products. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

Geographical information

Revenue based on the geographical location of customers was as follows:

	Group	
	2015	**2014**
	S$	**S$**
Indonesia	2,668,388	2,672,125
Malaysia	3,128,970	2,901,099
Singapore	1,778,000	1,915,549
Other countries	3,495,956	3,511,435
	11,071,314	11,000,208

The Group's non-current assets which comprise of property, plant and equipment are located in Singapore.

25. Authorisation of the financial statements for issue

The financial statements for the financial year ended 31 December 2015 were authorised for issue by the board of directors on 22 March 2016.

SHAREHOLDING STATISTICS

As at 9 March 2016

Class of shares	No. of shares	%
Ordinary	68,000,000	100.00
Treasury	–	–
Total Issued Shares	68,000,000	100.00
Voting Rights	One vote per ordinary share	

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size Of Shareholdings	Shareholders	%	No. Of Shares	%
1 - 99	–	–	–	–
100 - 1,000	6	2.90	4,400	0.00
1,001 - 10,000	54	26.09	461,200	0.68
10,001 - 1,000,000	141	68.11	8,865,200	13.04
1,000,001 AND ABOVE	6	2.90	58,669,200	86.28
TOTAL	207	100.00	68,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Teo Choon Hock	26,179,904	38.50	–	–
Kwek Keng Seng	21,420,096	31.50	–	–
Tsai Chao Chin	3,400,000[(1)]	5.00	–	–

Note:

(1) Shares are held in the name of DBS Vickers Securities (Singapore) Pte Ltd.

SHAREHOLDING STATISTICS (CONTINUED)

As at 9 March 2016

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	Number Of Shares Held	%
1	TEO CHOON HOCK	26,179,904	38.50
2	KWEK KENG SENG	21,420,096	31.50
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,505,000	8.10
4	NG CHING HONG	3,000,000	4.41
5	LIM CHAP HUAT	1,514,200	2.23
6	MAYBANK KIM ENG SECURITIES PTE LTD	1,050,000	1.54
7	LOW SIAK KEANG	600,000	0.88
8	SEOW HOCK CHYE	331,900	0.49
9	OCBC SECURITIES PRIVATE LIMITED	300,000	0.44
10	LEE YONG HONG	290,000	0.43
11	LIM KIANG HENG @ LIM HEAN HIN	220,000	0.32
12	CHUA KIAN LIN	200,000	0.29
13	FONG YING PIEW	200,000	0.29
14	KHAW AH BOON	200,000	0.29
15	LIM ENG CHEONG	200,000	0.29
16	ONG HUR SENG	200,000	0.29
17	CHIA EE WEE	160,000	0.24
18	TAY HOW SIK @ TAY HOW SICK	160,000	0.24
19	WONG NAM SIN	160,000	0.24
20	KOH YAK CHUA THOMAS	159,000	0.23
	TOTAL	62,050,100	91.24

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 9 March 2016, 24.84% of the issued ordinary shares of the Company are held by the public as defined in the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Listing Manual"). Accordingly, Rule 723 of the Listing Manual is complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Orchid Country Club, Octagon, Golf Club House Level 1, 1 Orchid Club Road, Singapore 769162 on 15 April 2016 at 9.30 a.m. for the following purposes:-

ORDINARY BUSINESS

1) To receive and adopt the Directors' Statement and the audited financial statements for the financial year ended 31 December 2015 together with the Independent Auditors' Report thereon. **[Resolution 1]**

2) To re-elect the following directors of the Company (the "Directors") retiring pursuant to Article 98 of the Constitution of the Company.

a) Mr Ang Miah Khiang

Mr Ang Miah Khiang will, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and shall be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.
(See Explanatory Note 1) **[Resolution 2a]**

b) Mr Tan Chin Keong

Mr Tan Chin Keong will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and shall be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.
(See Explanatory Note 1) **[Resolution 2b]**

3) To approve Directors' fees of S$120,000 for the financial year ending 31 December 2016, payable quarterly in arrears (2015: S$120,000). **[Resolution 3]**

4) To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 4]**

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

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions, with or without any modification:

6) Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of bonus, 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 as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued pursuant to Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued Shares in the capital of the Company (excluding treasury Shares), of which the aggregate number of Shares and convertible securities in the Company to be issued other than on a pro rata basis to the existing shareholders of the Company shall not exceed 50% of the total number of issued Shares excluding treasury Shares, and for the purpose of determining the aggregate number of Shares and Instruments that may be issued under this resolution, the percentage of the total number of issued Shares (excluding treasury shares) at the time this resolution is passed, after adjusting for:

(1) new Shares arising from the conversion or exercise of convertible securities;

(2) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of passing this resolution, provided the options were granted in compliance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

(ii) in exercising the authority conferred in this resolution, the Company shall comply with the provisions of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Company's Constitution; and

(iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.
(See Explanatory Note 2) **[Resolution 5]**

7) Authority to offer and grant options and to allot and issue Shares pursuant to the PS Group Holdings Employee Share Option Scheme.

"That pursuant to Section 161 of the Companies Act, the Directors be authorised (i) to offer and grant options in accordance with the provisions of the PS Group Holdings Employee Share Option Scheme (the "**Scheme**"); and (ii) to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the Scheme and PS Group Holdings Performance Share Plan (the "**Share Plan**") shall not at any time exceed 15% of the issued share capital (excluding treasury shares) of the Company on the date preceding the grant of the option." ***(See Explanatory Note 3)*** **[Resolution 6]**

8) Authority to grant awards and to allot and issue Shares pursuant to the PS Group Holdings Performance Share Plan.

"That pursuant to Section 161 of the Companies Act, the Directors be authorised (i) to grant awards in accordance with the provisions of the Share Plan; and (ii) to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the release of awards granted under the Share Plan, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the Share Plan and the Scheme shall not at any time exceed 15% of the issued share capital of the Company (excluding treasury shares) on the date preceding the grant of the awards." ***(See Explanatory Note 4)*** **[Resolution 7]**

By Order of the Board

Lee Bee Fong
Company Secretary
Singapore, 31 March 2016

EXPLANATORY NOTES:

(1) In relation to **Resolutions 2a and 2b** proposed in item 2 above, save on Directors, there are no relationships (including immediate family relationships) between Mr Ang Miah Khiang and Mr Tan Chin Keong and the other Directors, the Company and in respect of Mr Ang Miah Khiang and Mr Tan Chin Keong, they have no such relationship with the Company's 10% shareholders and the detailed information on Mr Ang Miah Khiang and Mr Tan Chin Keong are set out in the section entitled "Board Membership" in the Corporate Governance Report of the Company's 2015 Annual Report.

The effects of the resolutions in the Notice of the Annual General Meeting are:

(2) **Resolution 5**, 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, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities which the Directors may allot and issue under this Resolution would not exceed 100% of the issued share capital (excluding treasury shares) of the Company at the time of passing this Resolution. For issue of Shares other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares to be allotted and issued shall not exceed 50% of the issued share capital of the Company (excluding treasury shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(3) **Resolution 6**, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the next Annual General Meeting, to grant options and to allot and issue Shares pursuant to the exercise of options granted under the Scheme. The maximum number of new Shares to be allotted and issued under the Scheme and the Share Plan shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) from time to time.

(4) **Resolution 7**, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the next Annual General Meeting, to grant awards under the Share Plan and to allot and issue Shares pursuant to release of such awards under the Share Plan. The maximum number of new Shares to be allotted and issued under the Share Plan and the Scheme shall not exceed 15% of the issued share capital of the Company (excluding treasury shares) from time to time.

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

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

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company, 3 Kaki Bukit Road 2, #01-06/07 Eunos Warehouse Complex, Singapore 417837 not less than 48 hours before the time appointed for holding the meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (a) 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, 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**"), (b) 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 (c) 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 hereof.

PS GROUP HOLDINGS LTD.

Company Registration No. 201311530Z
(Incorporated in the Republic of Singapore)

Annual General Meeting
Proxy Form

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT

Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.

1. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We ______________________________ NRIC/Passport No. ______________________

of ____ (Address)

being a member/members of PS GROUP HOLDINGS LTD. (the "Company") hereby appoint

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

and/or (delete as appropriate)

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

or failing *him/her/them, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Orchid Country Club, Octagon, Golf Club House Level 1, 1 Orchid Club Road, Singapore 769162 on Friday, 15 April 2016 at 9.30 a.m., and at any adjournment thereof.

Note: Please indicate with an "**X**" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the **Notice of Annual General Meeting**. In the absence of specific directions or in the event of any item arising not summarised below, the proxy/proxies may vote or abstain as he/she/they may think fit.

☐ Please tick here if more than two (2) proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets service license holders which provide custodial services.

No.	Resolutions Relating To:	Number of Votes For	Number of Votes Against
	ORDINARY BUSINESS		
1	Adoption of Directors' Statement and Financial Statements		
2a	Re-election of Mr Ang Miah Khiang		
2b	Re-election of Mr Tan Chin Keong		
3	Approval of Directors' Fees for FY2016		
4	Re-appointment of Auditors		
	SPECIAL BUSINESS		
5	Authority to Directors to allot and issue new Shares		
6	Authority to offer and grant options and to allot and issue Shares pursuant to the PS Group Holdings Employee Share Option Scheme		
7	Authority to grant awards and to allot and issue Shares pursuant to the PS Group Holdings Performance Share Plan		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the **Notice of Annual General Meeting** for the full purpose and intent of the Resolutions to be passed.

Dated this __________ day of ________________ 2016

Register	Number of Shares Held
CDP Register	
Register of Members	

____

Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 3 Kaki Bukit Road 2, #01-06 Eunos Warehouse Complex, Singapore 417837 not less than 48 hours before the time appointed for holding the meeting.
5. Completion and return of this instrument appointing a proxy or proxies 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.
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 its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 31 March 2016.

AFFIX
POSTAGE
STAMP
HERE

PS GROUP HOLDINGS LTD.
3 Kaki Bukit Road 2, #01-06
Eunos Warehouse Complex
Singapore 417837

CORPORATE INFORMATION

Board Of Directors

Teo Choon Hock
EXECUTIVE CHAIRMAN

Kwek Keng Seng
MANAGING DIRECTOR

Ang Miah Khiang
LEAD INDEPENDENT DIRECTOR

Tan Jee Ming
INDEPENDENT DIRECTOR

Tan Chin Keong
INDEPENDENT DIRECTOR

Audit Committee

Ang Miah Khiang (Chairman)
Tan Jee Ming
Tan Chin Keong

Nominating Committee

Tan Jee Ming (Chairman)
Ang Miah Khiang
Tan Chin Keong
Teo Choon Hock

Remuneration Committee

Tan Chin Keong (Chairman)
Ang Miah Khiang
Tan Jee Ming

Company Secretary

Lee Bee Fong (ACIS)

Auditor

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Teo Li Ling (With effect from financial year ended 31 December 2015)

Share Registrar And Share Transfer Office

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #11-02
Singapore 068898

Principal Bankers

DBS Bank Ltd.
Malayan Banking Berhad
Standard Chartered Bank
United Overseas Bank Limited

Registered Office

3 Kaki Bukit Road 2
#01-06 Eunos Warehouse Complex
Singapore 417837

PS FASTENERS®

The Mix-And-Match Expert

PS Group Holdings Ltd.
(Company Registration No.: 201311530Z)

Blk 3 Kaki Bukit Road 2 #01-06/07
Eunos Warehouse Complex
Singapore 417837
Tel: 6747 7080/6743 0135
Fax: 6742 0642

www. psfasteners.com