



ALLIED TECHNOLOGIES LIMITED

CONSTANTLY **EXCELLING** SUSTAINABLY **ENHANCING**

2015
ANNUAL
REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr Hsu Ching Yuh

Mr Soh Weng Kheong

Independent Directors

Mr Yau Woon Foong

(Appointed on 10 October 2015)

Mr Jake Lam

(Appointed on 10 October 2015)

Mr Woo Say Hock

(Appointed on 10 October 2015)

Mr Loo Choon Chiaw

(Resigned on 10 October 2015)

Mr Sitoh Yih Pin

(Resigned on 10 October 2015)

Prof Chua Tat Seng

(Resigned on 10 October 2015)

AUDIT COMMITTEE

Chairman

Mr Yau Woon Foong

Members

Mr Jake Lam

Mr Woo Say Hock

NOMINATING COMMITTEE

Chairman

Mr Jake Lam

Members

Mr Yau Woon Foong

Mr Woo Say Hock

REMUNERATION COMMITTEE

Chairman

Mr Woo Say Hock

Members

Mr Yau Woon Foong

Mr Jake Lam

AUDITORS

Ernst & Young LLP

Chartered Accountants

One Raffles Quay

Level 18 North Tower

Singapore 048583

Partner-in-charge: Ms Ho Shyan Yan

(Since Financial Year 2014)

COMPANY SECRETARIES

Mr Khoo Boo Han

(Appointed on 16 October 2015)

Ms Geraldine Goh

(Appointed on 16 October 2015)

Mr Chia Foon Yeow

(Resigned on 16 October 2015)

SHARE REGISTRAR

Boardroom Corporate & Advisory

Services Pte. Ltd.

50 Raffles Place

Singapore Land Tower #32-01

Singapore 048623

PRINCIPAL BANKERS

Bank of China

CTBC Bank

DBS Bank Limited

First Commercial Bank

Shanghai Pudong Development Bank

LEGAL COUNSEL

Harry Elias Partnership LLP

SGX Centre 2, #17-01

4 Shenton Way

Singapore 068807

REGISTERED OFFICE

11 Woodlands Close #10-11

Woodlands 11

Singapore 737853

Telephone number: +65 6560 2011

Facsimile number: +65 6560 2055

OUR VISION

We envision ourselves to be the leading original design manufacturer and provider of fully integrated manufacturing solutions in the electronics and precision engineering industries.

OUR MISSION

We envision ourselves to provide innovative, quality and efficient integrated range of electronics manufacturing services and original design manufacturing at the most competitive prices through long-term strategic global partnerships, whilst achieving total customer satisfaction.

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CORPORATE PROFILE



Listed on the Main Board of the Singapore Exchange in June 2003, Allied Technologies Limited ("Allied Technologies"), together with its subsidiaries (the "Group"), is a manufacturer of precision stamped metal parts. Allied Technologies commenced operations in May 1994 and provides vertically integrated precision manufacturing services, including design and product development, prototyping services, tool and die fabrication, mass production, plastic injection moulding and mechanical sub-assembly services to a wide base of customers.

In order to ride on the growing outsourcing trend in Asia by multinational corporations ("MNCs"), Allied Technologies set up its first overseas plant in Shanghai, China in 1997. Since then, the Group has established more production facilities at low-cost bases to be close to its customers and to improve its cost competitiveness. Today, Allied Technologies has a total of seven production facilities in Asia, specifically in Malaysia, China, Vietnam and Thailand.

The Group's major customers include Konica Minolta, Cal-comp Group and Canon Group, all of which have been customers of Allied Technologies for over a decade, as well as MNCs such as Fujixerox, Flextronics Group, Brose, Pegatron, Samsung and the Hewlett Packard Group. The products that Allied Technologies manufactured are used as components in various industries, including computer and computer peripherals, consumer electronics and home appliances, office equipment, automotive, plastic and other industries.

REGIONAL
PRESENCE



CEO STATEMENT



REVENUE
FY2015
s\$120.1m

REVENUE
FY2014
s\$99.6m

Dear Shareholders

On behalf of the Board of Directors of Allied Technologies Limited ("the Company", together with all its subsidiaries, collectively "the Group"), I am pleased to present the Company's annual report for the financial year ended 31 December 2015 ("FY2015").

CONSTANTLY EXCELLING AND ENHANCING

FY2015 brought many new challenges to the Group, due to the economic shifts and slowdowns that occurred across the globe. The markets in which the Group has operations in were not spared from the volatility. In spite of that, through perseverance, experienced management and capable staff, we have secured contracts from both existing and new customers, which overturned the loss in FY2014 to a net profit S\$0.3 million in FY2015.

The Group reported a revenue of S\$120.1 million in FY2015 as compared to that of S\$99.6 million in FY2014, representing a solid increase of S\$20.5 million, mainly contributed by the Group's subsidiaries located in Vietnam, Suzhou, Malaysia and Thailand.

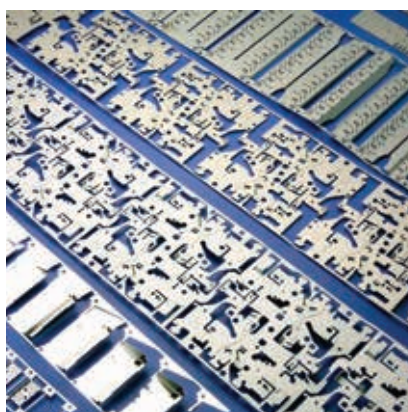
The Group's subsidiaries in People's Republic of China ("PRC") remain as the main revenue contributor and accounted for 52% of the Group's revenue, followed by its Vietnam subsidiary which accounted for 33% of the Group's revenue. Whilst the commencement of business in Thailand subsidiary has geared up the revenue of the Group by 3% in the current year.

In FY2015, Suzhou subsidiary has reported a higher revenue derived from multiple new products and tooling projects awarded by new and existing customers. However, the increase is partially marred by the lower sales recorded by Shanghai subsidiary due to decline in customer demand. In addition, Dongguan subsidiary has ceased its operation in FY2015 subsequent to the shifting of customers' production base to Thailand. As a result, revenue contribution from PRC subsidiaries has segregated 3% to our Thailand subsidiary as compared to FY2014. That being said, PRC subsidiaries, collectively, still remain as the core production base of the Group.

In terms of individual subsidiaries, the Group's Vietnam subsidiary has outperformed to be the largest revenue contributor amongst all the subsidiaries in the Group in FY2015 with a 34% growth in revenue. This contribution owing to a few new projects that were referred from its existing major customers. Vietnam, being an emerging economy in Southeast Asia, has given us many advantages and opportunities to grow our business. With the upward growing trend of Vietnam's GDP and the potential strengthening of its macroeconomy in FY2016, we view Vietnam as a viable emerging market that will boost the Group's performance and business growth.

The Group will take advantage of the opportunities that may come our way during the current challenging economic climate.

We are committed to adapting and making necessary adjustments in order to adequately manage any headwinds that lie ahead us.



Our Singapore and Malaysia entities have maintained the projects from key customers in the printers and copiers industry. We will continue to explore ways to further enhance our business growth and reduce our expenses.

FUTURE OUTLOOK AND PROSPECTS

In FY2016, we expect a cautious and challenging business outlook in light of the uncertain global economic outlook.

Nonetheless, the Group will continue to explore all avenues for business opportunities to further improve the financial position of the Group and take advantage of the opportunities that may come our way during the current challenging economic climate. We are committed to adapting and making necessary adjustments in order to adequately manage any headwinds that lie ahead us.



ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to thank our management and staff for their unwavering dedication, hard work and contribution to the Group, and to extend my heartfelt appreciation to our valued customers, suppliers, business partners and associates for their continued support and confidence in the Group.

Last but not least, I would like to express my deepest thanks to our shareholders who have demonstrated great faith in the Group. We will strive to deliver stronger shareholders' value in the coming years.

Hsu Ching Yuh @ Sheu Ching Yuh
CEO & Group Managing Director

OPERATIONS REVIEW

In the financial year ended 2015 ("FY2015"), the Group had managed to ride out the economic downturn and showed improved results despite the current market volatility and economic challenges.

The Group reported revenue of S\$120.1 million in FY2015, being 21% higher than the reported revenue in FY2014 of S\$99.6 million. Correspondingly, the Group has generated a net profit of S\$0.3 million, as compared to the negative result in FY2014 of S\$7.9 million net loss. The net loss incurred in FY2014 included impairment loss on property, plant and equipment and investment property of S\$2.7 million.

Collectively, the Group's PRC subsidiaries are still contributing to the majority of the Group's revenue. The dependency of the Group's revenue on the PRC subsidiaries has been diminished by the significant increase in sales registered by the Group's Vietnam subsidiary and the emergence of Thailand subsidiary.

In terms of raw used materials and consumables used, this has increased by S\$17.1 million to S\$74.9 million in FY2015 as compared to that of in FY2014. This is due to the increased revenue and change in material mix for the Group's new products manufactured in our subsidiary located in Suzhou.

The Group's other operating expenses increased slightly by 7% to S\$18.2 million in FY2015 as compared to that of S\$16.9 million in FY2014, despite the revenue increasing by 21%. This is a result of our continued monitoring of operations to reduce other operating expenses such as packaging expenses and administrative expenses.

GEOGRAPHICAL CONTRIBUTION

PEOPLE'S REPUBLIC OF CHINA (PRC)

Revenue contribution from our PRC subsidiaries comprised 52% of the Group's total revenue in FY2015 as compared to 55% in FY2014.

The relatively high contribution to the Group is mainly attributable to the contribution from our Suzhou subsidiary, which recorded a 54% revenue growth to S\$38.1 million in FY 2015 from S\$24.7 million in FY2014. The hike is fuelled by increasing tooling projects and demands in photocopiers and solar energy products from new and existing customers. Besides, the production in Suzhou's subsidiary has fully resumed in the current year after the relocation of its office and factory premises completed in mid FY2014.

However, the contribution from our PRC subsidiaries is partially offset by lower sales from our Shanghai subsidiary due to a decline in customer demand and lack of new big projects. It is further impacted by the rise in production and labour costs in Shanghai. On the other hand, as part of our restructuring efforts, we have ceased the operations of our Dongguan subsidiary in FY2015 as the major customer has shifted its operation to Thailand. Our Thailand subsidiary will be continuing to serve this major customer.

In spite of the higher total revenue achieved in the current year, our PRC subsidiaries are adversely impacted by the high production costs and operating costs in PRC due to the gradual rise in the minimum wage requirement as well as the inflationary business environment. As a result, the Group's PRC subsidiaries are in loss-making position for FY2015.

VIETNAM

The Group's Vietnam subsidiary experienced tremendous revenue increase of 34% to S\$40.0 million in FY2015. The improved top line is mainly contributed by the increase in revenue relating to copier assembly project and its sheet metal and plastic divisions.

With higher sales, the Group's Vietnam subsidiary registered a net profit in FY2015. We believe that there are many potential business opportunities awaiting to be tapped on in this emerging market. We will continue to

grow our business in Vietnam and to explore new opportunities of higher margin projects aiming at achieving a better result in FY2016.

SINGAPORE AND MALAYSIA

The Group's Singapore holding company and Malaysia subsidiary saw their combined revenue decrease slightly to S\$14.3 million in FY2015 as compared to S\$15.0 million in FY2014, affected by the lower orders from customers. During the year, Singapore holding company shifted most of its projects to Malaysia subsidiary in conjunction with the implementation of Malaysia's Goods and Service Tax ("GST") since most of the customers are based in Malaysia.

With efforts to streamline our operation, Malaysia remains the production base while Singapore continues to function as the head office to provide corporate services comprising operations and corporate sales support, procurement, finance, information technology and human resources.

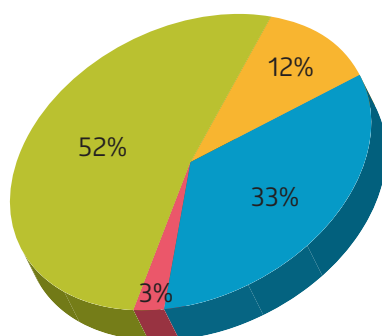
THAILAND

Our Thailand subsidiary's operation was set up within close proximity of our customer site and began operations in 4Q2014. It supplies printer and copier parts to Cal-comp, which is producing for Hewlett Packard Group and Konica Minolta respectively. It has contributed S\$3.0 million of revenue to the Group in FY2015.

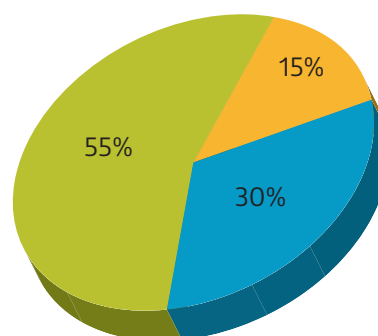
To summarise, the Group achieved an operating profit in FY2015. With the Group's present strong balance sheet position and concerted efforts with its business partners, we are confident that we will be able to overcome the uncertain challenges ahead and continue to endeavour to explore ways to increase cost savings and improve productivity.

FINANCIAL HIGHLIGHTS

TURNOVER BY GEOGRAPHICAL LOCATIONS



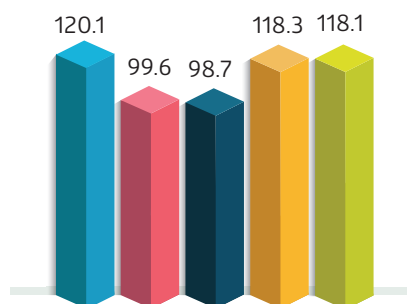
FY2015



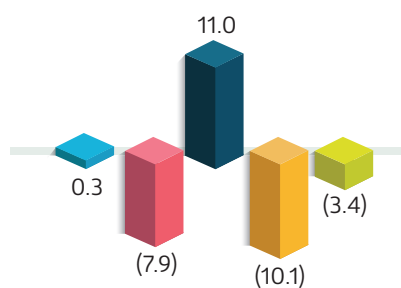
FY2014

■ Vietnam
 ■ PRC
 ■ Singapore & Malaysia
 ■ Thailand

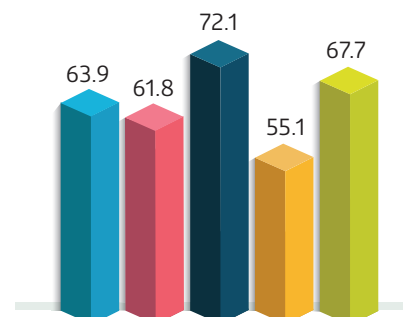
TURNOVER (\$M)



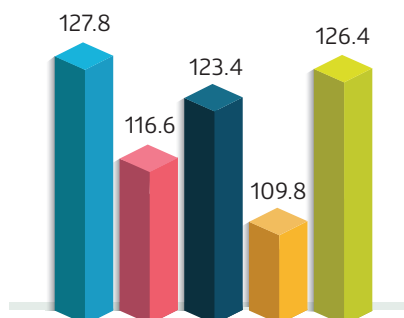
NET PROFIT (\$M)



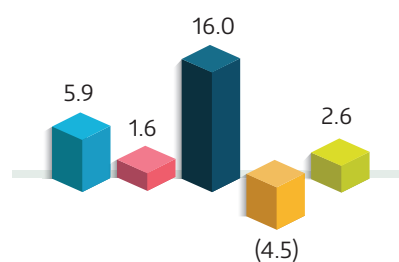
SHAREHOLDERS' EQUITY (\$M)



TOTAL ASSETS (\$M)



EBITDA (\$M)



■ 2015
 ■ 2014
 ■ 2013
 ■ 2012
 ■ 2011

BOARD OF DIRECTORS

From left to right: Mr Woo Say Hock, Mr Yau Woon Foong, Mr Hsu Ching Yuh, Mr Jake Lam, Mr Soh Weng Kheong



MR HSU CHING YUH @ SHEU CHING YUH

Chief Executive Officer and Group Managing Director

Mr Hsu Ching Yuh @ Sheu Ching Yuh, the founder of our Group, is actively involved in our strategic development, expansion and also oversees the overall operational activities of the Group. Under his leadership, the Group expanded its services from the mass production of stamped metal parts to become a fully integrated one-stop metal solutions provider. He has over 35 years of experience in the metal stamping and precision engineering industry. Mr Hsu holds a Diploma in Precision Engineering from Taiwan Taoyuan Poly-Technic. He is the Honorary President of the Taipei Business Association in Singapore and also serves as a School Advisor to Lakeside Primary School.

MR SOH WENG KHEONG

Executive Director and Group Deputy Managing Director

Mr Soh Weng Kheong joined our Group in 1994 and was re-elected as our executive director on 25 April 2014. He oversees our Group's strategic investment and corporate planning activities. He has over 25 years of sales and managerial experience in the metal stamping and precision engineering industry. His early experience in the industry involved sales and marketing, providing technical support to customers and the preparation of quotations and product exhibitions in Singapore and South East Asia. Mr Soh holds a Bachelor of Business degree in Business Administration from the Royal Melbourne Institute of Technology.

MR YAU WOON FOONG

Lead Independent Director, Chairman of the Audit Committee

Mr Yau Woon Foong was appointed as an Independent Director of the Company on 10 October 2015. He serves as Chairman of the Audit Committee and is also a member of both the Nominating and Remuneration Committees. Mr Yau does not hold any shares in the Company or any of its subsidiaries.

Mr Yau is the Managing Director of Gremcore Pte. Ltd., a corporate services provider and is also presently a director of several private companies.

Mr Yau holds a Bachelor of Accountancy (Honours) degree from the Nanyang Technological University.

MR WOO SAY HOCK

Independent Director, Chairman of the Remuneration Committee

Mr Woo Say Hock was appointed as an Independent Director of the Company on 10 October 2015. He serves as Chairman of the Remuneration Committee and is also a member of both the Nominating and Audit Committees. Mr Woo does not hold any shares in the Company or any of its subsidiaries.

Mr Woo is currently the Senior Marketing Director of ERA Realty Network Pte. Ltd. which provides one stop service for property buyer and seller representation.

Mr Woo holds a Diploma in Civil Engineering and a Diploma in Business Studies awarded by the Singapore Polytechnic and Singapore Institute of Management respectively.

MR JAKE LAM

Independent Director, Chairman of Nominating Committee

Mr Jake Lam was appointed as an Independent Director of the Company on 10 October 2015. He serves as Chairman of the Nominating Committee and is also a member of both the Audit and Remuneration Committees. Mr Lam does not hold any shares in the Company or any of its subsidiaries.

Mr Lam is an entrepreneur who has diverse experience in a variety of businesses which he had established or had been involved with, during the period of more than 30 years after leaving his secondary school education. In particular, Mr Lam has more than 20 years of experience in the liquor business. He is the Founder and Managing Director of TWI Wine & Spirits Pte Ltd, Kingsman Wine & Spirits Pte Ltd and TWI Duty Free Pte Ltd, all of which are companies engaged in the sales, distribution, import and export of branded, non-branded liquors, spirits, wines and beers in Singapore and the region, including Myanmar.

KEY MANAGEMENT

MS TAN SIANG KENG

Group General Manager

Ms Tan joined the Company in 1994 and has been with Allied Technologies for 21 years. She is primarily responsible for the overall management of sales, financial reporting, accounting and treasury functions of the Group.

She holds a Master of Business Administration degree and a Master of Business degree in Professional Accounting from the Victoria University of Technology and a Bachelor of Science degree in Business and Management Studies from the University of Bradford.

Ms Tan is a member of both the CPA Australia and Institute of Singapore Chartered Accountants. In 2015, Ms Tan was conferred the Public Service Medal (PBM) in recognition of her contribution to the community.

MR TAN LAY THIAM

Deputy General Manager
(Engineering/Technical for China)

Mr Tan joined the Company in October 2005 and is responsible for overseeing and managing all engineering/technical aspects in the operation of all subsidiaries in China.

He is a veteran with over 37 years of practical experience in the metal stamping industry, specializing in product development and secondary processes. Mr Tan holds a National Trade Certificate (NTC) 1 in Precision Engineering by Economic Development Board of Singapore.

MR TUNG GEE KHIM

Group Operations Manager

Mr Tung joined the Company in October 2005 and is responsible for overseeing and managing all operational aspects of Allied Vietnam operations. He is also supporting the operations alignment of the Group, with a key focus on the Key Performance Indicators.

He has extensive experience in both metal stamping and contract manufacturing (electro-mechanical assembly). Mr Tung holds a Diploma in Mechanical Engineering, awarded by Singapore Polytechnic, and Bachelor of Science (Economics) in Business Administration from University of London.

MR HSU CHIN CHIEH

Deputy General Manager (Shanghai)

Mr Hsu Chin Chieh joined the Company in May 2015 and is responsible for overseeing and managing all operational aspects of Allied Shanghai operations.

He has more than 25 years of experience in the electronic and manufacturing industry. He was formerly the General Manager of Chaoming Electronics, Suzhou from year 2013 to year 2015, responsible in planning, directing and managing the operations of the business. Prior to joining Chaoming, he was with Allied Suzhou for 8 years as a Senior Sales Manager.

Mr Hsu holds a Senior High School Certificate in Mechanical Engineering from Lilong Agriculture and Industrial Vocational High School in Taiwan.



CORPORATE SOCIAL RESPONSIBILITY



The Company believes that an organization's growth and progress should not be attained at the expense of environmental and social well-being. We are aware about the importance of Corporate Social Responsibility and the social and environmental effects of our operations on consumers and other stakeholders. We recognize the active role which we can play in preserving the environment, and have continuously promoted a more environmentally-responsible culture.

As part of our efforts to achieve a greener footprint, we strive to incorporate best practices in our business aimed at minimizing our impact on the environment. In this regard, we have implemented energy and paper saving initiatives to reduce electricity consumption, reduce paper consumption and recycle paper, resources and materials across all our operations.

Aside from protecting the environment and preventing pollution, we are also entirely committed to achieving customer and employee satisfaction by providing quality products and services, as well as fostering a supportive, safe and healthy work environment for our employees. We will continue to improve our processes and environmental, health and safety performance via effective communication of policies, rules and work procedures to all employees.

Our initiatives reflect our corporate social and environmental sustainability commitments, and we aspire to continue instilling goodwill and confidence in our expanded sphere of stakeholders and communities that have interests beyond corporate profitability.

CORPORATE GOVERNANCE REPORT

Allied Technologies Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are committed to observing good standards of corporate governance within the Group and have put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholders’ value.

This report outlines the Company’s corporate governance practices and structures in the financial year ended 31 December 2015 (“**FY2015**”), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the “**Code**”). Deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

The principal functions of the Board, apart from its statutory responsibilities, are to:

- set and direct the long-term vision and strategic direction of the Group;
- review and approve the corporate policies, strategies, budgets and financial plans of the Company;
- monitor financial performance, including approval of the quarterly financial reports of the Company;
- oversee the business and affairs of the Company, establish, with the Management, the strategic and financial objectives to be implemented by the Management and monitor the performance of the Management;
- approve major funding decisions, material interested party transactions and all strategic matters;
- review the process of evaluating the adequacy of internal controls, risk management and compliance;
- identify the key stakeholder groups and recognise how their perceptions affect the Company’s reputation;
- set the Company’s value and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues (e.g. environmental and social factors) in the formulation of its strategies.

Presently, the Board comprises five (5) Directors (of whom three (3) are Independent Directors). Information on and profiles of the Directors are set out in the “Board of Directors” section of this Annual Report.

Every Director is expected in the course of carrying out his duties, to act in good faith, provide insights and consider at all times, the interests of the Company.

The Board oversees the management of the Company. It focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the Executive Directors.

The Board has established three (3) board committees to assist in the execution of its responsibilities. They are the Audit Committee (the “AC”), the Nominating Committee (the “NC”) and the Remuneration Committee (the “RC”), which operate within clearly defined terms of reference and functional procedures. Each of these committees reports its activities regularly to the Board, and their actions are reviewed by the Board.

CORPORATE GOVERNANCE REPORT

The Board of Directors meets on a quarterly basis. Additional ad-hoc meetings may be held where circumstances require. The Company's Articles of Association provides for meetings of Directors to be held by way of telephone conference. The attendances of the Directors at Board and Committees meetings are as follows:

Name	Position	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
		Numbers of meeting							
		Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Hsu Ching Yuh @ Sheu Ching Yuh	CEO and Group Managing Director	6	6	–	–	–	–	–	–
Mr Soh Weng Kheong	Executive Director and Group Deputy Managing Director	6	6	–	–	–	–	–	–
Mr Loo Choon Chiaw ⁽¹⁾	Lead Independent Director	6	4	4	3	1	1	1	1
Mr Sitoh Yih Pin ⁽²⁾	Independent Director	6	4	4	3	1	1	1	1
Prof Chua Tat Seng ⁽³⁾	Independent Director	6	4	4	3	1	1	1	1
Mr Yau Woon Foong ⁽⁴⁾	Lead Independent Director	6	2	4	1	1	–	1	–
Mr Jake Lam ⁽⁵⁾	Independent Director	6	2	4	1	1	–	1	–
Mr Woo Say Hock ⁽⁶⁾	Independent Director	6	2	4	1	1	–	1	–

(1) Mr Loo Choon Chiaw resigned on 10 October 2015.

(2) Mr Sitoh Yih Pin resigned on 10 October 2015.

(3) Prof Chua Tat Seng resigned on 10 October 2015.

(4) Mr Yau Woon Foong was appointed as the Lead Independent Director with effect from 10 October 2015.

(5) Mr Jake Lam was appointed as an Independent Director with effect from 10 October 2015.

(6) Mr Woo Say Hock was appointed as an Independent Director with effect from 10 October 2015.

The Company has adopted internal guidelines setting forth matters that require the Board's approval. Under the guidelines, all new investments, any increase in investments in businesses and subsidiaries, any divestments by any of the Group's companies, and all commitments to term loans and lines of credit from banks and financial institutions by the Company require the approval of the Board.

Newly appointed Directors will be given an orientation program with materials provided to help them familiarise themselves with the business and organisational structure of the Group. Incoming Directors will also be provided with a formal letter setting out their duties and obligations. To enable the Directors to gain a better understanding of the Group's business, the Directors are encouraged to request for further explanations, briefings or informal discussion on the Company's operations or business with the management. Directors are also given opportunities to visit the Group's operational facilities and meet with management staff. Where necessary, the Directors will be updated on new legislation and/or regulations which are relevant to the Group.

The Company is responsible for arranging and funding the training of Directors. Board members have been and will be encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Currently, the Board consists of five (5) Directors, of whom three (3) are considered independent by the NC. The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review and the NC is of the view that Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong are independent. The strong independent element on the Board enables the Management to benefit from external diverse and objective perspective of issues raised. It also allows for constructive exchange of ideas and views to shape the strategic policies of the Group. As there are three (3) Independent Directors on the Board, the composition complies with the Code's requirement that at least one-third of the Board should be made up of independent directors and further complies with the prevailing applicable requirement of the Code that at least half of the Board be comprised of Independent Directors where the Chairman of the Board and the Chief Executive Officer is the same person. The Board is thus able to exercise objective judgment on corporate affairs independently. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. All the board committee meetings are chaired by the Independent Directors.

The Board, with the concurrence of the NC, has rigorously reviewed the respective independence of each of Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong and taking into account their respective working experience and contributions, the Board is satisfied that each of them is independent in character and judgement. Given their respective wealth of business, working experience and professionalism in carrying out their duties, the NC had found each of Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong suitable to continue to act as an Independent Director. The Board has accepted the NC's recommendation that each of Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong was considered independent. Each of Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong has abstained from deliberating on their respective independence.

The Board through the NC has examined its size and is of the view that it is an appropriate size for effective decision making, taking into account the scope and nature of the operations of the Company with considerations on recommendations of the Corporate Governance Council as and when announced. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process currently.

The Board has considered the diversity of the Board, and is of the view that there is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in accounting, finance, business and management experience and strategic planning experience. Members of the Board are constantly communicating with management to provide advice and guidance on matters affecting the affairs and business of the Group, resulting in effective management of the Group's business and operations.

The Independent Directors will constructively challenge and assist in the development of proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Independent Directors will have discussions amongst themselves without the presence of the Management.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Hsu Ching Yuh @ Sheu Ching Yuh, the Chief Executive Officer and Group Managing Director, assumes the responsibility of the Chairman. The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the roles of the Chairman and CEO. The Board is of the view that there is a strong independent element on the Board to enable exercise of objective judgment of corporate affairs in 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 size and scope of the Group's affairs and operations.

Mr Hsu Ching Yuh @ Sheu Ching Yuh plays a vital role in charting and steering the corporate direction of the Group and bears the executive responsibility for strategic planning, execution of the Group's strategic goals as well as effective workings of the Board. Mr Hsu Ching Yuh @ Sheu Ching Yuh promotes a culture of openness at the Board, ensures the Directors receive complete, adequate and timely information, ensures effective communication with shareholders and promotes high standards of corporate governance of the Group.

In view of the above and in line with the Code, the Company has appointed an Independent Director, Mr Yau Woon Foong to be the Lead Independent Director (the "Lead ID") to enhance the independence of the Board and to assist the Chief Executive Officer in the discharge of his duties when the need arises. He is also available to address shareholders' concerns on issues that cannot be appropriately dealt with by the Chief Executive Officer.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong, all of whom are Independent Directors. The Chairman of the NC is Mr Jake Lam. The NC meets at least once a year. The main terms of reference of the NC are as follows:

- to make recommendations to the Board on all Board appointments and re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including as an Independent Director;
- to determine on an annual basis whether or not a Director is independent;
- to decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple board representations;
- to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years;
- to assess the effectiveness of the Board as a whole and its Board Committees, and the contribution by each individual Director to the effectiveness of the Board;
- to review the board succession plans for Directors; and
- to review the training and professional development programmes for the Board.

CORPORATE GOVERNANCE REPORT

The NC is responsible for the re-nomination of Directors, having regard to each Director's contribution and performance and deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. The NC also determines on an annual basis, and as and when circumstance require, whether or not a Director is independent, for the purposes of the Code. The NC is of the view that the Independent Directors are independent.

The NC has reviewed and confirmed the independence of Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong based on the Code's criteria for independence. Mr Hsu Ching Yuh @ Sheu Ching Yuh and Mr Soh Weng Kheong were each considered non-independent. The NC is satisfied that the respective Directors have been carrying out their duties fittingly.

In assessing the performance of each individual Director, the NC considers whether he has multiple board representations and other principal commitments, and is able to and adequately carried out his duties as a Director notwithstanding such commitments.

The Board did not fix the maximum number of listed company board representations and other principal commitments which any Director may hold as currently, none of the Directors hold any directorship in other listed companies. However, the Board will fix the maximum number of listed company board representations and other principal commitments which any Director may hold when the Board deems it to be necessary.

Directors are encouraged to attend relevant training programmes conducted by the relevant institutions and organisations. The cost of such training will be borne by the Company.

Succession planning is an important part of the governance process. The NC seeks to refresh the Board membership progressively in an orderly manner, and regularly reviews the succession and leadership development plans for senior management, which are subsequently approved by the Board. Over the course of review, the successors to key positions are identified and development plans instituted for them.

The NC relies on personal contacts and recommendations for the right candidates when a vacancy arises under any circumstances. In consultation with the Board, the NC would determine the selection criteria and identify candidates with the appropriate expertise for the position. The NC then nominates the most suitable candidate to be appointed to the Board.

Information required in respect of the academic and professional qualifications and principal commitments of the Directors is set out in the "Board of Directors" section of this Annual Report. In addition, information on shareholdings in the Company held by each Director is set out in the "Directors' Report" section of this Annual Report.

The dates of initial appointment and last re-election of each of the Directors, together with their directorships in other listed companies, are set out below:

CORPORATE GOVERNANCE REPORT

Name	Position	Date of Appointment	Date of Last Re-election	Current directorships in other listed companies	Past directorships in listed companies (in last three years)
Mr Hsu Ching Yuh @ Sheu Ching Yuh	CEO and Group Managing Director	28 Feb 1994	NA	–	–
Mr Soh Weng Kheong	Executive Director and Group Deputy Managing Director	30 Jun 1994	25 April 2014	–	–
Mr Yau Woon Foong ⁽¹⁾	Lead Independent Director	10 October 2015	N.A.	–	–
Mr Jake Lam ⁽²⁾	Independent Director	10 October 2015	N.A.	–	–
Mr Woo Say Hock ⁽³⁾	Independent Director	10 October 2015	N.A.	–	–

(1) Mr Yau Woon Foong was appointed as the Lead Independent Director with effect from 10 October 2015.

(2) Mr Jake Lam was appointed as an Independent Director with effect from 10 October 2015.

(3) Mr Woo Say Hock was appointed as an Independent Director with effect from 10 October 2015.

The Company's Articles of Association require that one-third of the directors for the time being (other than the Managing Director or a Director holding an equivalent position), or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office at each annual general meeting (the "AGM"), provided all Directors (except the Managing Director or a Director holding an equivalent position) retire at least once every three years. The NC has reviewed and recommended the re-election of the retiring Directors, namely, Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong, at the forthcoming Annual General Meeting. Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong do not have any immediate family relationships with any of the Directors, the Company or its shareholders with shareholdings of 10% or more in the voting shares of the Company. Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong are members of the NC, and have abstained from deliberating on their respective re-election. The Board has accepted the NC's recommendations and the three retiring Directors have offered themselves for re-election.

PRINCIPLE 5: BOARD PERFORMANCE

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value.

Based on the recommendation of the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and the effectiveness of Individual Directors. These performance criteria include return on assets and return on equity, which allow the Company to make comparisons with its industry peers and are linked to long-term shareholders' value, as well as other factors set out in the Code. The selected performance criteria will not change from year to year unless deemed necessary and the Board is able to justify the changes.

The assessment process involves and includes input from Board members, applying the performance criteria of the NC and approved by the Board. These input are collated and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvements are then submitted to the Board for discussion and, where appropriate, approval for implementation.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 6: ACCESS TO INFORMATION

The Company believes that the Board should be provided with timely, complete and adequate information prior to the Board meetings and as and when the need arises.

The Company recognises the importance of the flow of information for the Board to discharge its duties effectively. All Directors are furnished with the management accounts of the Group and regular updates on the financial position of the Company. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary, including the background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

The Directors have also been provided with the contact details of the Company's senior management and Company Secretary to facilitate separate and independent access. Requests for information by the Board are dealt with promptly.

As a general rule, notices are sent to the Directors one week in advance of Board meetings, followed by the relevant Board papers in order for the Directors to be adequately prepared for the meetings. The Company Secretary provides secretarial support to the Board and ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary and/or his colleagues attend all Board and Board committees meetings. The appointment and removal of the Company Secretary are subject to the Board's approval.

Each member of the Board has independent access to the Group's independent professional advisers, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as Director. Any cost of professional advice obtained will be borne by the Company.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises the three (3) Independent Directors, namely Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong. Mr Woo Say Hock is the Chairman of the RC. The RC meets at least once a year.

The main terms of reference of the RC are as follows:

- to recommend to the Board a framework of remuneration for the Directors and the key management personnel.
- to determine specific remuneration packages for each executive director as well as for the key management personnel. The RC's recommendations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and senior management's fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits in kind are covered by the RC. If necessary, expert advice shall be sought inside and/or outside the Company on remuneration of all directors.
- to review and recommend to the Board any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith by considering whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes.
- to consider the use of contractual provisions to allow 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 Company.

CORPORATE GOVERNANCE REPORT

- to consider the various disclosure requirements for directors' and key executives' remuneration, particularly those required by regulatory bodies such as the Singapore Exchange Securities Trading Limited, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.
- in the case of service contracts of directors, to review and to recommend to the Board the terms of renewal and termination clause of the service contracts. The RC will be fair and avoid rewarding poor performers, and will ensure that such contracts of services contain reasonable termination clauses which are not overly generous.
- to carry out such other duties as may be agreed to by the Remuneration Committee and the Board.

The recommendations of the RC would be submitted to the Board for endorsement. The RC will have to seek expert advice inside and/or outside the Company with regard to remuneration matters, if necessary. The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies. The members of the RC do not participate in any decisions concerning their own remuneration package.

The RC also oversees the administration of the Allied Technologies Share Option Scheme (the "Scheme"), which was approved at the Extraordinary General Meeting held on 22 April 2005. The Scheme has expired on 21 April 2015 (the "Scheme Expiry Date") and there will be no further grant of options under the Scheme after the Scheme Expiry Date. For information on the Scheme, please refer to the "Directors' Report" and the "Notes to the Financial Statements" sections of this Annual Report.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The remuneration packages for Executive Directors take into account the performance of the Group and each Executive Director. The Independent Directors' remuneration in the form of directors' fees takes into account the roles that each Individual Director plays, including but not limited to the efforts, time spent and responsibilities of the Non-Executive Directors. The remuneration includes a fixed salary and a variable performance related bonus which is designed to align the interests of the Directors with the long-term interest and risk policies of the Company. All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the Board. The Directors' fees are further subject to shareholders' approval at the forthcoming AGM. Each member of the Remuneration Committee will abstain from reviewing and approving his or her own remuneration and the remuneration packages of persons related to him.

Each of the Executive Directors has entered into a formal service agreement with the Company, and the service agreements shall automatically renew on an annual basis and on such terms and conditions as the Executive Directors and the Company may mutually agree.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The Board has not included a separate annual remuneration report as it is of the view that the matters, that are required to be disclosed in the annual remuneration report, have been sufficiently disclosed in this corporate governance report and the financial statements of the Group.

CORPORATE GOVERNANCE REPORT

A breakdown showing the percentage mix of remuneration of each of the Directors for FY2015 is as follows:

Directors	Salary*	Bonus*	Profit sharing	Directors' Fees**	Benefits-in-kind and Others	Total
\$250,001 to \$500,000						
Mr Hsu Ching Yuh @ Sheu Ching Yuh	96%	4%	–	–	–	100%
Mr Soh Weng Kheong	96%	4%	–	–	–	100%
Up to \$250,000						
Mr Loo Choon Chiaw ⁽¹⁾	–	–	–	100%	–	100%
Mr Sitoh Yih Pin ⁽²⁾	–	–	–	100%	–	100%
Prof Chua Tat Seng ⁽³⁾	–	–	–	100%	–	100%
Mr Yau Woon Foong ⁽⁴⁾	–	–	–	100%	–	100%
Mr Jake Lam ⁽⁵⁾	–	–	–	100%	–	100%
Mr Woo Say Hock ⁽⁶⁾	–	–	–	100%	–	100%

(1) Mr Loo Choon Chiaw resigned on 10 October 2015.

(2) Mr Sitoh Yih Pin resigned on 10 October 2015.

(3) Prof Chua Tat Seng resigned on 10 October 2015.

(4) Mr Yau Woon Foong was appointed as the Lead Independent Director with effect from 10 October 2015.

(5) Mr Jake Lam was appointed as an Independent Director with effect from 10 October 2015.

(6) Mr Woo Say Hock was appointed as an Independent Director with effect from 10 October 2015.

* Salary and bonus are inclusive of CPF

** Subject to shareholders' approval at the AGM

The Company has not disclosed exact details of the remuneration of each individual Director as it is not in the best interests of the Company and employees to disclose such details due to the sensitive nature of such information.

The Company granted share options in FY2005. The Scheme has expired on 21 April 2015 and there will be no further grant of options under the Scheme after the Scheme Expiry Date. Details of the Scheme are disclosed in the "Directors' Report" and the "Notes to the Financial Statements" sections of this Annual Report.

The Company adopts a remuneration policy for staff comprising a fixed component and a performance related variable component. The fixed component is in the form of a base salary. The variable component is in the form of variable bonus that depends on the relative performance of the Company and the performance of each Executive Director and key management personnel in alignment of their interests with that of shareholders'. The Company has no long-term incentive schemes. Performance appraisals are conducted twice a year. The Executive Directors do not receive Directors' fees.

The Non-Executive Directors receive Directors' fees in accordance with the roles that each individual Director plays, taking into account their efforts, time spent and responsibilities. The Directors' fees are recommended by the RC and further subject to shareholders' approval at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

The Company believes that a full disclosure as recommended by the Code would be prejudicial to the Company's interest. The annual aggregate remuneration paid to all four (4) key management personnel of the Company (who are not Directors or the CEO) for FY2015 is S\$725,987. The Company has instead presented the information as follows:-

Key Executives	Salary*	Bonus*	Benefits-in-kind and Others	Total
\$250,001 to \$500,000				
Ms Tan Siang Keng	96%	4%	–	100%
Up to \$250,000				
Mr Tan Lay Thiam	91%	2%	7%	100%
Mr Tung Gee Khim	88%	4%	8%	100%
Mr Hsu Chin Chieh ⁽¹⁾	85%	4%	11%	100%

(1) Mr Hsu Chin Chieh was appointed as Deputy General Manager (Shanghai) on 4 May 2015.

* Salary and bonus are inclusive of CPF

There were no termination, retirement or post-employment benefits granted to the Directors, the CEO and all four (4) key management personnel of the Company (who are not Directors or the CEO) for FY2015. The Company has only four (4) Key Executives in FY2015.

Except for Mr Hsu Chin Chieh (who is the brother of Mr Hsu Ching Yuh), there is no employee who is an immediate family member of a Director or the CEO whose remuneration exceeds S\$50,000 during the financial year under review. Mr Hsu Chin Chieh was appointed as the Deputy General Manager (Shanghai) on 4 May 2015.

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

The Company has taken efforts to comply with the Listing Manual of the SGX-ST on the disclosure requirements of material information. The Board is mindful of the obligation to provide shareholders with details of all major developments that affect the Group and strives to maintain a high standard of transparency.

The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a quarterly basis. This responsibility extends to reports to regulators.

The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 11: THE BOARD IS RESPONSIBLE FOR THE GOVERNANCE OF RISKS AND MAINTAINS A SOUND SYSTEM OF INTERNAL CONTROLS TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE COMPANY'S ASSETS.

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

CORPORATE GOVERNANCE REPORT

The Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities. However, the system of internal controls maintained by the management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice and the identification and management of business risk. The Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems annually.

Based on the internal controls established and maintained by the Company, work performed by the internal auditors, and reviews performed by management, the Board opines, with the concurrence of the AC, that there are adequate internal controls in place within the Group addressing financial, operational, compliance and information technology risks to meet the needs of the Group in their current business environment.

The CEO and the Group Financial Controller[^] have provided a letter of confirmation that as at the end of FY2015, (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (b) the Company's risk management and internal control systems are effective.

The systems of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

[^] Currently, the roles and responsibilities of the Company's Group Financial Controller are being assumed by the Group General Manager, Ms Tan Siang Keng.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three (3) Independent Directors, namely Mr Woo Say Hock, Mr Jake Lam and Mr Yau Woon Foong. Mr Yau Woon Foong is the Chairman of the AC.

Our Independent Directors do not have any existing business or professional relationship of a material nature with our Group, our other Directors or Substantial Shareholders. They are also not related to the other Directors or other Substantial Shareholders.

Any business or professional relationship arising from any of the Independent Directors must comply with guidelines as described in the section "Interested Person Transaction" below and Chapter 9 of the SGX-ST Listing Manual for Interested Person Transaction.

CORPORATE GOVERNANCE REPORT

The AC carries out its functions in accordance with the Singapore Companies Act, Cap. 50, the Best Practice Guide and the Code. The main functions of the AC are as follows:

- to review the internal and external auditors' audit plans and auditors' reports;
- to review the co-operation given by our officers to the internal and external auditors;
- meeting with the internal auditors and external auditors without the presence of the Management at least once a year;
- to review the financial statements before submission to the Board;
- to review internal control procedures and all interested person transactions to ensure that they comply with the approved internal control procedures and have been conducted at arm's length basis; and
- to review the independence of the external auditors annually, and recommend to the Board the appointment, re-appointment or removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.

Apart from the above functions, the AC commissions and reviews the findings of internal investigations into matters where there is suspicion of fraud or irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on our operational results and/or financial position.

The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any director or executive officer or any other person to attend its meetings.

In the event that a member of the AC is interested in any matter being considered by the AC, he shall abstain from reviewing that particular transaction or voting on that particular resolution.

Information in respect of the academic and professional qualifications of the Directors is set out in the "Board of Directors" section of this Annual Report. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties.

Summary of the AC's activities

The AC met four (4) times during the year under review. Details of members' attendance at the meetings are set out on page 12. The Group Financial Controller[^], Company Secretary, internal auditors and external auditors are invited to these meetings. Where appropriate, other members of the senior management are also invited to attend as appropriate to present reports.

The AC has met four (4) times with the external auditors and two (2) times with the internal auditors. The AC has met one (1) time with the external auditors and internal auditors respectively without the presence of the management in FY2015.

CORPORATE GOVERNANCE REPORT

The AC met on a quarterly basis and reviewed the quarterly and full-year announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval. In the process, the AC reviewed the audit plan and audit committee report presented by the external auditors. The external auditors provide regular updates and briefing to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The AC had reviewed the annual financial statements and discussed with the management, Group Financial Controller[^] and external auditors regarding the significant accounting policies, judgments and estimates applied by the management in preparing the annual financial statements. Following the review and discussions, the AC then recommended the audited annual financial statements to the Board for the Board's approval.

The AC has reviewed all the non-audit services provided to the Company by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, has confirmed their re-nomination. The aggregate amount of fees paid to the Company's external auditors and other auditors for FY2015 was S\$347,019, of which audit fees amounted to S\$324,000 and non-audit fees amounted to S\$23,019.

The AC has also met with the external auditors without the presence of the management. The Company confirms that the appointment of the external auditors complies with Rule 712, Rule 715 and Rule 716 of the SGX-ST Listing Manual.

The Company has put in place a whistle-blowing policy and procedure, which provide staff with well-defined and accessible channels within the Group for reporting possible improprieties in matters of financial reporting or other matters in confidence and there is independent investigation of such matters and appropriate follow-up action. The AC exercises the overseeing function over the administration of the whistle-blowing policy. Details of the whistle-blowing policy and procedure have been made available to all employees of the Company.

[^] Currently, the roles and responsibilities of the Company's Group Financial Controller are being assumed by the Group General Manager, Ms Tan Siang Keng.

PRINCIPLE 13: INTERNAL AUDIT

The Group has outsourced its internal audit function for endorsing the Group's internal control procedures and to safeguard shareholders' interests and the Group's assets.

The internal auditors report directly to the Chairman of the AC but plan their internal audit schedules in consultation with the management. The AC approves the hiring, removal, evaluation and compensation of the head of internal audit. The internal auditors have unrestricted direct access to all of the Company's documents, records, properties and personnel and a direct and primary reporting line to the AC.

The AC reviews the scope of the internal audit and ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

The Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors. The AC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 14: SHAREHOLDERS RIGHTS

All shareholders are treated fairly and equitably to facilitate their ownership rights. The Board recognises the importance of maintaining transparency and accountability to its shareholders. The Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company believes in regular and timely communication with shareholders as part of its organisational development to build systems and procedures.

Information is communicated to shareholders on a timely basis through annual reports that are prepared and issued to all shareholders within the mandatory period, quarterly and full-year announcements of its financial statements on the SGXNET, other SGXNET announcements, press releases on major development regarding the Company and the Company's website at www.allied-tech.com.sg, at which the shareholders can access information on the Group.

PRINCIPLE 16: GREATER SHAREHOLDER PARTICIPATION

All shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. The Company's Articles of Association allows a shareholder to appoint up to two proxies to attend and vote in his place at the general meeting.

Shareholders are given the opportunity to pose questions to the Directors or the Management at the AGM. The members of the AC, NC and RC will be present at these meetings to answer questions relating to matters overseen by these committees. The external auditors will also be present to assist the Directors in addressing any queries posed by the shareholders. The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders and responses from the Board and Management, and to make such minutes available to shareholders upon their request.

Resolutions are as far as possible, structured separately and may be voted upon independently. Resolutions are passed at general meetings by hand and by poll, if required. For general meetings held on and after 1 August 2015, the Board has adhered to the requirement of the Listing Rules where all resolutions are to be voted by poll. Resolutions are put to vote by poll and the detailed results of the number of votes cast for and against each resolution and the respective percentages are announced for each resolution.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, any declaration of dividends is clearly communicated to the shareholders via SGXNet.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTION

The Company's Articles of Association provides that a director shall abstain from voting in any contract or arrangement in which he has a personal material interest.

The AC has established internal policy in reviewing all interested person transactions to ensure that they are transacted on an arm's length basis, at normal commercial terms, and will not be prejudicial to the shareholders.

There was no interested person transactions entered into with individual transaction value of more than S\$100,000 during the financial year ended 31 December 2015.

DEALINGS IN SECURITIES

The Company has adopted policies in line with the SGX-ST Listing Manual on dealings in the Company's securities.

The Company prohibits its Directors and officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Directors and officers are also not allowed to deal in the Company's shares during the two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and the one month before the announcement of the Company's full-year financial statements.

RISK MANAGEMENT

The management regularly reviews and improves the Group's business and operational activities to take into account the risk management perspective. The Group seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Board.

MATERIAL CONTRACTS AND LOANS

Pursuant to Rule 1207(8) of the SGX-ST Listing Manual, the Company confirms that there were no material contracts or loans entered into by the Company and its subsidiaries involving the interest of the CEO, any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

Disclosure on Compliance with the Code of Corporate Governance 2012

Guideline	Questions	How the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	(a) The Company has complied with all the principles and guidelines of the Code, save for the following: • disclosure of the remuneration of directors and key management personnel The Company has not disclosed exact details of the remuneration of each individual Director as it is not in the best interest of the Company and employees to disclose such details due to the sensitive nature of such information. • maximum number of listed company board appointments which a director may hold The Company has not determined a maximum number of listed company board appointment which any Director may hold as currently, none of the Directors hold any directorship in other listed companies and the NC is satisfied that sufficient time and attention to the affairs of the Company have been given by those Directors with multiple board representations.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(b) • disclosure of the remuneration of directors and key management personnel The RC recommends to the Board a framework of remuneration for the Board and the senior management to ensure that the structure of remuneration is competitive and sufficient to attract, retain and motivate the Directors and senior management personnel. The recommendations of the RC on the remuneration of Directors and senior management personnel will be submitted for endorsement by the Board. The members of the RC do not participate in any decisions concerning their own remuneration. • maximum number of listed company board appointments which a director may hold None of the Directors hold multiple board representations and do not have any other principal commitment. The Board will fix the maximum number of listed company board representations and other principal commitments which any Director may hold when the Board deems it to be necessary.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	(a) Please refer to Principle 1 of the Corporate Governance Report.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate. (c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(a) The Board believes in having an appropriate balance and diversity of skills, experience, and knowledge. (b) The current composition of the Board comprises directors who as a group provide an appropriate balance and diversity of skills, experience, and knowledge to the Group. The Directors also provide core competencies such as accounting or finance, business or management or legal experience, industry knowledge, strategic planning experience and customer-based experience or knowledge required for the Board to be effective. The NC will review the gender diversity of the Board for suitable appointment. (c) The Nominating Committee has put in place a formal and transparent process for all appointments to the Board. It has adopted written terms of reference defining its membership, administration and duties. As part of the process for the selection, appointment and re-appointment of Directors, the Nominating Committee takes into consideration the following issues: composition, diversity and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to Principle 4 of the Corporate Governance Report for details on the nomination process.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(a) Yes. Please refer to paragraph 8 of Principle 1 of the Corporate Governance Report. (b) Please refer to paragraphs 8 and 9 of Principle 1 of the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? (b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of directors?	(a) The Board has not determined a maximum number of listed company board appointments which any Director may hold. (b) A maximum number has not been determined as currently, none of the Directors hold any directorship in other listed companies and the NC is satisfied that sufficient time and attention to the affairs of the Company have been given by those Directors with multiple board representations. However, the Board will fix the maximum number of listed company board representations and other principal commitments which any Director may hold when the Board deems it to be necessary. (c) For the assessment of capacity of Directors, their competencies as well as their commitment, contribution and performance (including attendance at meetings) during the financial year will be considered.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) Please refer to Principle 5 of the Corporate Governance Report. (b) Yes. The Nominating Committee has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. As there are three (3) Independent Directors on the Board, the prevailing applicable requirement of the Code that at least half of the Board be comprised of Independent Directors where the Chairman and the Chief Executive Officer is the same person is satisfied.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No. (b) Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has not disclosed exact details of the remuneration of each individual Director as it is not in the best interests of the Company and employees to disclose such details due to the sensitive nature of such information.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Yes. Please refer to Principle 9 of the Corporate Governance Report. (b) The annual aggregate remuneration paid to all four (4) Key Executives of the Company (who are not Directors or the CEO) for FY2015 is S\$725,987. The Company has only four (4) Key Executives in FY2015.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	Yes. Mr Hsu Chin Chieh is the brother of Mr Hsu Ching Yuh @ Sheu Ching Yuh, the Chief Executive Officer and Group Managing Director of the Company. Mr Hsu Chin Chieh was appointed as the Deputy General Manager (Shanghai) on 4 May 2015.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) Please refer to Principle 9 of the Corporate Governance Report. (b) Please refer to Principle 9 of the Corporate Governance Report. (c) Yes.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 6 of the Corporate Governance Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Please refer to Principle 13 of the Corporate Governance Report.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(a) Please refer to Principle 11 of the Corporate Governance Report. (b) Yes.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Please refer to Principle 12 of the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(a) Please refer to Principles 14 and 15 of the Corporate Governance Report. (b) The Group has specifically entrusted the Directors or the Management, with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns (c) Please refer to Principle 15 of the Corporate Governance Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	The Company did not pay any dividends for FY2015. The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Allied Technologies Limited (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 accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Hsu Ching Yuh	(Chief Executive Officer and Group Managing Director)
Soh Weng Kheong	
Yau Woon Foong	(Appointed on 10 October 2015)
Woo Say Hock	(Appointed on 10 October 2015)
Jake Lam	(Appointed on 10 October 2015)

Arrangements to enable Directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

The Company	1.1.2015	Direct interest 31.12.2015	21.1.2016
Number of ordinary shares			
Hsu Ching Yuh	249,697,000	249,697,000	249,697,000
Soh Weng Kheong	26,037,630	26,037,630	26,037,630
Share options			
Hsu Ching Yuh	480,000	–	–
Soh Weng Kheong	420,000	–	–

DIRECTORS' STATEMENT

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Hsu Ching Yuh is deemed to have interest in the subsidiaries of the Company.

Except as disclosed in this statement, 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 of the financial year, at the end of the financial year, or as at 21 January 2016.

Directors' contractual benefits

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

Share options

At an Extraordinary General Meeting held on 22 April 2005, shareholders approved the Allied Technologies Share Option Scheme (the "Scheme").

The Scheme has expired on 21 April 2015 (the "Scheme Expiry Date") and there will be no further grant of options under the Scheme after the Scheme Expiry Date. Upon the expiry of the Scheme, there will be no valid and exercisable option under the Scheme.

(a) Share Options Granted

During the financial year ended 31 December 2015:

- No shares were issued under the Scheme.
- No option was granted at a discount.
- No option that entitles the holder to participate, by virtue of the options, in any share issue of any other corporation was granted.
- No option was granted to Directors and employees of the holding company and its subsidiaries.

(b) Details of Options Expired

The details of the share options granted to the Directors, controlling shareholder and/or participants who received 5% or more of the total number of options available under the Scheme are as follows:

	Aggregate options granted since commencement of Scheme to end of the financial year	Aggregate options expired since commencement of Scheme to end of the financial year	Aggregate options outstanding at end of the financial year
Name of participant			
Pursuant to options granted on 1 July 2005 and 12 December 2007			
Directors of the Company			
Hsu Ching Yuh*	480,000	(480,000)	–
Soh Weng Kheong	420,000	(420,000)	–

DIRECTORS' STATEMENT

Share options (cont'd)

(b) Details of Options Expired (cont'd)

Name of participant	Aggregate options granted since commencement of Scheme to end of the financial year	Aggregate options expired since commencement of Scheme to end of the financial year	Aggregate options outstanding at end of the financial year
Key management			
Tan Siang Keng	360,000	(360,000)	–
Employees			
Lim Chai Luan	120,000	(120,000)	–
Ng Choon Wah	84,000	(84,000)	–

* Mr Hsu Ching Yuh is the controlling shareholder of the Company.

The share options granted and expired during the financial year under the Scheme are as follows:

Date of grant of options	Options outstanding at beginning of financial year ('000)	Options expired during the financial year ('000)	Options exercised ('000)	Aggregate options outstanding at end of the financial year ('000)	Exercise price (\$)	Exercise period
1.7.2005	366	(366)	–	–	0.14	1.7.2006 – 30.6.2015
1.7.2005	427	(427)	–	–	0.14	1.7.2007 – 30.6.2015
1.7.2005	427	(427)	–	–	0.14	1.7.2008 – 30.6.2015
12.12.2007	159	(159)	–	–	0.14	12.12.2007 – 30.6.2015
12.12.2007	85	(85)	–	–	0.14	1.7.2008 – 30.6.2015
	1,464	(1,464)	–	–		

- (c) The Scheme expired on 21 April 2015. There is no new share option scheme in-place as at end of the financial year.

DIRECTORS' STATEMENT

Audit Committee

The Audit Committee comprises three independent non-executive Directors, one of whom is also the Chairman of the Committee. The members of the Committee at the date of this statement are as follows:

Yau Woon Foong (Chairman)
Woo Say Hock
Jake Lam

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board of Directors acting through the Audit Committee. The Audit Committee performs the functions set out in Section 201B(5) of the Singapore Companies Act, Chapter 50. The Audit Committee met during the year to review the scope of work of the internal and the statutory auditors, and the results arising therefrom, including the internal auditors evaluation of the system of internal accounting controls. The Audit Committee also reviewed the assistance given by the Company's officers to the auditors.

In addition, the Audit Committee has reviewed the requirements for approval and disclosure of interested person transactions, reviewed the procedures set up by the Company and of the Group to identify and report and where necessary, seek approval for interested person transactions.

In appointing the auditing firms for the Company and the subsidiaries, the Company has complied with Listing Rules 712, 715 and 716.

The Audit Committee has recommended to the Board of Directors that the auditors, Ernst & Young LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee have been summarised in the Corporate Governance Report of the Annual Report.

Auditor

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

On behalf of the Board,

Hsu Ching Yuh
Director

Soh Weng Kheong
Director

Singapore
24 March 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

TO THE MEMBERS OF ALLIED TECHNOLOGIES LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Allied Technologies Limited (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 96, 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 income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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 of 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 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 have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
24 March 2016

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	Note	2015 \$	2014 \$
Revenue	5	120,068,688	99,628,707
Other income	6	1,274,282	3,057,672
Costs and expenses			
Changes in inventories of finished goods and work-in-progress		100,109	(2,195,059)
Raw materials and consumables used		(74,900,992)	(57,760,848)
Depreciation of property, plant and equipment	12	(4,730,177)	(3,854,462)
Depreciation of investment property	13	(231,296)	(221,489)
Amortisation expense	11	(18,674)	(18,482)
Staff costs	7	(22,447,942)	(21,478,176)
Impairment loss on property, plant and equipment	12	–	(2,371,660)
Impairment loss on investment property	13	–	(344,093)
Other operating expenses	8	(18,163,342)	(16,907,938)
		(120,392,314)	(105,152,207)
Operating profit/(loss)		950,656	(2,465,828)
Finance costs	9	(227,189)	(219,374)
Profit/(loss) before taxation		723,467	(2,685,202)
Taxation	10	(396,495)	(5,244,330)
Profit/(loss) for the year		326,972	(7,929,532)
Attributable to:			
Owners of the Company		326,972	(7,929,532)
Profit/(loss) per share (cents)			
Basic	31	0.05	(1.17)
Diluted		0.05	(1.17)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	2015 \$	2014 \$
Profit/(loss) for the year	326,972	(7,929,532)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	1,754,294	1,040,392
Total comprehensive income for the year	2,081,266	(6,889,140)
Attributable to:		
Owners of the Company	2,081,266	(6,889,140)

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

BALANCE SHEETS

AS AT 31 DECEMBER 2015

(In Singapore dollars)

	Note	Group		Company	
		2015 \$	2014 \$	2015 \$	2014 \$
Non-current assets					
Intangible assets	11	165,633	183,888	24,386	38,786
Property, plant and equipment	12	47,530,833	50,977,495	45,718	165,172
Investment property	13	4,362,797	4,490,756	–	–
Investment in subsidiaries	14	–	–	34,514,498	34,514,498
Loan receivables from subsidiaries	14	–	–	19,116,107	16,026,876
Deferred tax assets	26	888,299	1,414,099	–	–
Other investments	15	2,205,263	2,205,263	2,080,934	2,080,934
Fixed deposits (pledged)	20	341,280	–	341,280	–
		55,494,105	59,271,501	56,122,923	52,826,266
Current assets					
Inventories	16	12,849,056	9,178,556	–	651,510
Amounts due from subsidiaries	17	–	–	10,517,213	9,925,759
Trade debtors	18	37,783,492	31,500,436	1,689,978	2,881,848
Other debtors	19	4,727,979	4,617,513	1,445,081	1,037,557
Prepayments and advances to suppliers		719,125	1,436,900	40,672	48,042
Income tax recoverable		68,467	–	–	–
Fixed deposits (pledged)	20	659,917	316,993	–	–
Cash and bank balances	20	15,513,706	10,256,184	957,984	1,506,782
		72,321,742	57,306,582	14,650,928	16,051,498
Current liabilities					
Trade creditors	21	31,077,377	27,707,853	83,537	1,596,095
Hire purchase creditors	22	8,272	–	–	–
Other creditors and accruals	23	9,125,448	9,976,946	3,276,603	2,659,409
Deferred compensation income	24	515,345	505,087	–	–
Loans and borrowings	25	9,595,129	2,634,123	3,358,764	1,992,000
Income tax payable		–	192,891	–	–
		50,321,571	41,016,900	6,718,904	6,247,504
Net current assets		22,000,171	16,289,682	7,932,024	9,803,994
Non-current liabilities					
Hire purchase creditors	22	11,721	–	–	–
Deferred compensation income	24	9,018,536	9,344,101	–	–
Loans and borrowings	25	261,648	–	261,648	–
Deferred tax liabilities	26	4,301,264	4,397,241	–	–
		13,593,169	13,741,342	261,648	–
Net assets		63,901,107	61,819,841	63,793,299	62,630,260
Equity attributable to owners of the Company					
Share capital	27	57,337,354	57,337,354	57,337,354	57,337,354
Foreign currency translation reserve	28	2,736,421	982,127	–	–
Statutory reserve fund	29	4,889,439	4,889,439	–	–
Other reserves	30	188,948	188,948	188,948	188,948
(Accumulated losses)/retained earnings		(1,251,055)	(1,578,027)	6,266,997	5,103,958
		63,901,107	61,819,841	63,793,299	62,630,260

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	Note	Ordinary shares \$	Foreign currency translation reserve \$	Statutory reserve fund \$	Other reserves \$	Retained earnings/ (Accumulated losses) \$	Total equity attributable to owners of the Company \$
Group							
Balance at 1 January 2014		57,337,354	(58,265)	4,889,439	188,948	9,727,327	72,084,803
Dividends on ordinary shares	39	-	-	-	-	(3,375,822)	(3,375,822)
Loss for the year		-	-	-	-	(7,929,532)	(7,929,532)
<i>Other comprehensive income:</i>							
Foreign currency translation		-	1,040,392	-	-	-	1,040,392
Total comprehensive income for the year		-	1,040,392	-	-	(7,929,532)	(6,889,140)
Balance at 31 December 2014 and 1 January 2015		57,337,354	982,127	4,889,439	188,948	(1,578,027)	61,819,841
Profit for the year		-	-	-	-	326,972	326,972
<i>Other comprehensive income:</i>							
Foreign currency translation		-	1,754,294	-	-	-	1,754,294
Total comprehensive income for the year		-	1,754,294	-	-	326,972	2,081,266
Balance at 31 December 2015		57,337,354	2,736,421	4,889,439	188,948	(1,251,055)	63,901,107

	Note	Ordinary shares \$	Other reserves \$	Retained earnings \$	Total equity attributable to owners of the Company \$
Company					
Balance at 1 January 2014		57,337,354	188,948	7,900,811	65,427,113
Dividends on ordinary shares	39	-	-	(3,375,822)	(3,375,822)
Profit for the year		-	-	578,969	578,969
Total comprehensive income for the year		-	-	578,969	578,969
Balance at 31 December 2014 and 1 January 2015		57,337,354	188,948	5,103,958	62,630,260
Profit for the year		-	-	1,163,039	1,163,039
Total comprehensive income for the year		-	-	1,163,039	1,163,039
Balance at 31 December 2015		57,337,354	188,948	6,266,997	63,793,299

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	Note	2015 \$	2014 \$
Cash flows from operating activities:			
Profit/(loss) before taxation		723,467	(2,685,202)
Adjustments for:			
Gain on disposal of property, plant and equipment	6	(396,866)	(29,819)
Depreciation of property, plant and equipment	12	4,730,177	3,854,462
Depreciation of investment property	13	231,296	221,489
Impairment loss on property, plant and equipment	12	–	2,371,660
Impairment loss on investment property	13	–	344,093
Amortisation of intangible assets	11	18,674	18,482
Amortisation of deferred compensation income	6	(516,614)	(2,017,336)
Interest income	6	(42,378)	(96,213)
Interest expense	9	227,189	219,374
Exchange differences		940,672	22,995
Operating cash flows before changes in working capital		5,915,617	2,223,985
(Increase)/decrease in inventories		(3,661,807)	3,748,790
Increase in trade debtors, other debtors and prepayments		(5,283,481)	(6,548,625)
Increase in trade creditors and other creditors and accruals		2,649,441	5,721,964
Cash flows (used in)/from operations		(380,230)	5,146,114
Interest paid		(227,189)	(219,374)
Interest received		42,378	96,213
Tax paid		(292,929)	(114,844)
Net cash flows (used in)/from operating activities		(857,970)	4,908,109
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		859,144	41,928
Government grant received pursuant to Suzhou's compulsory land acquisition		–	2,010,694
Purchase of property, plant and equipment	12	(937,863)	(12,035,123)
Addition to investment property	13	(22,995)	–
Net cash used in investing activities		(101,714)	(9,982,501)
Cash flows from financing activities:			
Dividends paid on ordinary shares	39	–	(3,375,822)
Net increase/(decrease) of hire purchase creditors		20,398	(9,763)
(Decrease)/increase in amount due to a director		(600,000)	600,000
Drawdown of bank borrowings		15,826,179	4,484,262
Repayment of bank borrowings		(8,775,292)	(6,274,094)
Increase in pledged fixed deposits		(684,204)	(85,527)
Net cash flows from/(used in) financing activities		5,787,081	(4,660,944)
Net increase/(decrease) in cash and bank balances		4,827,397	(9,735,336)
Cash and cash equivalents at beginning of financial year		10,256,184	20,090,608
Effects of exchange rates on opening cash and cash equivalents		430,125	(99,088)
Cash and cash equivalents at end of financial year	20	15,513,706	10,256,184

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

Allied Technologies Limited (the "Company") is a limited liability company listed on the Singapore Exchange. It is incorporated and domiciled in Singapore with its registered office and principal place of business at 11 Woodlands Close #10-11, Woodlands 11, Singapore 737853.

The principal activities of the Company and of the Group are mainly those of manufacturing of metal stamped parts, tools and dies and provision of related design services, sub-assembly of mechanical components, plastic injection moulding, manufacturing of plastic parts and assembly of consumer electronics.

There have been no significant changes in the nature of the Group's operating activities during the financial year.

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, which are presented in Singapore Dollars (SGD or \$), have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

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 and interpretation that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 16 and FRS 41 <i>Agriculture – Bearer Plants</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Description	Effective for annual periods beginning on or after
Improvements to FRSs (November 2014)	
– Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
– Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
– Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
– Amendments to FRS 34 <i>Interim Financial Reporting</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards 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 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

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.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 109 Financial Instruments

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.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the 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 and losses resulting from intra-group transactions and dividends are eliminated in full.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(b) *Business combinations and goodwill*

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

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statement of the Group on disposal of the foreign operation.

2.6 Intangible assets

Membership rights

Membership rights are measured at cost less accumulated amortisation and any impairment losses.

Membership rights are amortised on a straight-line basis over the estimated useful lives of the respective memberships of 19, 25, 31 and 45 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

Leasehold land and properties (including land use rights)	–	over the term of lease (ranges from 43 to 50 years)
Plant and machinery	–	5 years
Furniture and fittings	–	5 years
Electrical installations	–	5 years
Office equipment	–	5 years
Computers	–	3 years
Motor vehicles	–	5 years
Renovations	–	5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

2.8 Investment properties

Investment properties are properties that are owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investment properties (cont'd)

The Group has adopted the cost model which is to measure investment properties at cost less accumulated depreciation and accumulated impairment losses. Investment property of the Group has a useful life of 44 years and remaining useful life of 40 years.

Depreciation is computed on a straight-line basis over the estimated useful life. The carrying values of investment properties are reviewed for impairment when event or charges in circumstances indicate that the carrying value may not be recoverable.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

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 group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Subsidiaries

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

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

At each balance sheet date, the Company assesses whether there are any indicators of impairment of its investments in the subsidiaries. If any such indication exists, the Group makes an estimate of the recoverable amount. Where the carrying amount of investment in subsidiaries exceeds its recoverable amounts, the investment is written down to its recoverable amount. Impairment losses are recognised in the income statement.

2.11 Financial Instruments

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments (cont'd)

(b) Financial liabilities (cont'd)

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 rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.12 Impairment of financial assets

The Group assesses at each end of the reporting period 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 individually 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 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 the income statement.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

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

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

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Cash and cash equivalents

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

Cash and short term deposits carried in balance sheet are classified as loans and receivables under FRS 39.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials on a first-in-first-out basis and in the case of finished products and work-in-progress, includes direct materials and labour and attributable production overheads based on normal level of activity which costs are assigned on a weighted average basis.

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.

2.15 Provisions

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

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

2.16 Financial guarantee

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 Employee benefits

(a) Short term employee benefits

All short term employee benefits, including accumulated compensated absences, are recognised in the income statement in the period in which the employees render their services.

(b) Defined contribution plans

As required by law, the Company and certain subsidiaries make contributions to the national pension schemes in their respective countries. Such pension schemes are defined contribution pension schemes, where contributions are recognised as an expense in the period in which the related service is performed.

In particular, the Singapore company in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have each participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above.

2.19 Leases

(a) 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 the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Leases (cont'd)

(a) As lessee (cont'd)

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 the income statement 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.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21. Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred compensation grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset.

A government grant that becomes receivable as compensation for expenses or losses shall be recognised on the balance sheet and amortized to the income statement for the period in which the expenses or losses occur.

2.21 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 and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

- (a) Revenues from the sales of manufactured goods are recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with the delivery and acceptance of the goods.
- (b) Tooling revenue is recognised when the Group satisfied its performance obligations which generally coincide with the 100% completion of mould manufacturing processes and acceptance of the goods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Revenue recognition (cont'd)

- (c) Revenues from the provision of design services are recognised when services have been rendered.
- (d) Interest income is recognised using the effective interest method.
- (e) Dividend income is recognised when the Group's right to receive payment is established.
- (f) Rental income is recognised on an accrual basis.

2.22 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 by the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, 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, 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 the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes (cont'd)

(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.

2.23 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.

2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Related parties

A related party is defined as follows:

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

2.26 Segmental reporting

For management purposes, the Group is organised into operating segments based on geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 4, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(i) *Impairment of non-financial assets with indication of impairment*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. Assumptions and estimates would be made when management estimate the recoverable amount of other non-financial assets with indication of impairment.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The cash flows are derived from the management's budgets. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

(ii) *Depreciation of plant and equipment*

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 5 years. The carrying amount of the Group's plant and equipment at 31 December 2015 was \$9,033,559 (2014: \$12,193,519). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) *Impairment of loans and receivables*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

(iv) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised, before expiration. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits projected by management. As at 31 December 2015, the Group has recognised deferred tax assets of \$888,299 (2014: \$1,115,983) on unused tax losses.

The Group has unrecognised tax losses carry forwards amounting to approximately \$24,994,863 (2014: \$26,063,833). These losses relate to subsidiaries that have a history of losses, and may not be used to offset taxable income elsewhere in the Group. The tax losses of the PRC subsidiaries can only be utilised within the five-year period commencing from the year in which the loss is incurred.

(b) Critical judgements made in applying accounting policies

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

(i) *Impairment of investments and financial assets*

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporarily impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Critical judgements made in applying accounting policies (cont'd)

(ii) *Income taxes (cont'd)*

Tax payable for compensation received by Allied Technologies (Suzhou) Co., Ltd. arising from compulsory land acquisition

In March 2013, the Group received a formal notice from the relevant authority of Suzhou City, the People's Republic of China with regard to the compulsory land acquisition of the Group's factory and office premises at No. 111, Shihu West Road, Changqiao Township, Wuzhong District, Suzhou City for the purpose of urban planning. Pursuant to the notice, the Group was required to relocate its production plant from Wuzhong district. The Group entered into a compensation agreement with the local authority for a total compensation of approximately RMB209.6 million arising from this compulsory land acquisition.

The tax impact of the compensation income recorded in financial year 2014 was estimated based on a Tax Rule 40 effective for compensation agreements signed on or after 1 October 2012. During the year ended 31 December 2014, Allied Technologies (Suzhou) Co., Ltd. submitted a Tax Verification Report to the tax authority based on another Tax Rule 11. In consultation with an independent local tax consultant, the Group determined that Tax Rule 11 (effective for compensation agreements signed before 1 October 2012) was the relevant tax rule to apply as there was a preliminary compensation agreement signed before 1 October 2012.

The difference in the application of the two Tax Rules lies in whether capital expenditure incurred for the relocated plant is deductible upfront in one financial year (Tax Rule 11) or over time with the depreciation of the capital expenditure (Tax Rule 40). The Tax Verification Report has been filed and accepted by the local tax authority who has up to 5 years from the submission date to review and assess the tax computation.

The carrying amount of the Group's net income tax payable and deferred tax liabilities at 31 December 2014 was \$192,891 and \$2,983,142. Should the tax authority determine that Tax Rule 40 should be applied instead of Tax Rule 11, deferred tax liability would be reduced by RMB15.3 million, current income tax payable increase by RMB13.6 million and net results of the Group would increase by RMB1.7 million in the financial year ended 31 December 2014.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical location, and has five reportable operating segments: Singapore and Malaysia, China, Vietnam, Thailand and others in the current financial year. In the financial year ended 31 December 2014, the Company incorporated a wholly-owned subsidiary Allied Precision (Thailand) Co., Ltd. ("APTC") in Thailand.

Management monitors the operating results of its business units separately for the purpose of making decisions which in certain respects, as explained in the table below, is measured differently from operating income statement in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments. Inter-segment pricing is on terms agreed between the segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. SEGMENT INFORMATION (CONT'D)

2015

Segment revenue

External customers	14,265,558	62,790,908	40,038,600	2,967,508	6,114	-	120,068,688
Inter-segment sales	5,729	989,936	27,497	20,503	-	(1,043,665)	-
Total revenue	14,271,287	63,780,844	40,066,097	2,988,011	6,114	(1,043,665)	120,068,688

Segment profit/(loss)

Finance costs	2,967,440	(632,863)	1,034,892	(200,037)	(44,376)	-	3,125,056
Unallocated expenses							(227,189)
Profit before taxation							(2,174,400)
Taxation							723,467
Net profit after taxation							(396,495)
							326,972

Segment assets

Unallocated assets	8,825,585	83,357,304	27,912,457	4,615,626	11,313	-	124,722,285
							3,093,562
							127,815,847

Other segment information:

Additions to non-current assets	60,658	309,183	487,630	103,387	-	-	960,858
Depreciation and amortisation	89,891	3,867,673	379,718	642,551	314	-	4,980,147
Write-back of inventory obsolescence	(224,266)	(226,878)	(419,261)	-	-	-	(870,405)
Inventories written off	226,998	26,196	-	-	-	-	253,194
Gain/(loss) on disposal of property, plant and equipment	4,764	391,678	3,558	-	(3,134)	-	396,866
Allowance for/(write-back of) impairment on:							
- trade debtors	263,856	271,241	(11,859)	-	2,134	-	525,372

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. SEGMENT INFORMATION (CONT'D)

	Singapore and Malaysia	China	Vietnam	Thailand	Others	Elimination	Note	Total
	\$	\$	\$	\$	\$	\$		\$
2014								
Segment revenue								
External customers	14,971,151	54,711,111	29,945,191	1,254	-	-		99,628,707
Inter-segment sales	-	323,351	-	-	-	(323,351)		-
Total revenue	14,971,151	55,034,462	29,945,191	1,254	-	(323,351)		99,628,707
Segment profit/(loss)	4,495,198	(4,479,368)	702,676	(602,805)	(42,529)	-		73,172
Finance costs								(219,374)
Unallocated expenses							(i)	(2,539,000)
Loss before taxation								(2,685,202)
Taxation								(5,244,330)
Net loss after taxation								(7,929,532)
Segment assets								
Unallocated assets	8,002,981	80,529,229	21,023,701	3,374,528	28,282	-	(ii)	112,958,721
								3,619,362
								116,578,083
Other segment information:								
Additions to non-current assets	103,944	8,291,378	284,718	3,355,083	-	-		12,035,123
Depreciation and amortisation	27,970	3,412,194	388,640	265,301	328	-		4,094,433
(Write-back of)/allowance for inventory obsolescence	(155,503)	850,266	72,119	-	-	-		766,882
Inventories written off	86,778	19,476	-	-	-	-		106,254
Gain on disposal of property, plant and equipment	16,850	6,903	6,066	-	-	-		29,819
Allowance for impairment on:								
- property, plant and equipment	-	2,371,660	-	-	-	-		2,371,660
- investment property	-	344,093	-	-	-	-		344,093
- trade debtors	18,922	28,116	11,329	-	-	-		58,367

Note: Nature of adjustments and eliminations to arrive at amounts in the consolidated financial statements.

(i) Unallocated expenses primarily relate to Directors' fee, Directors' remuneration, corporate personnel payroll costs and other corporate related expenses.

(ii) Unallocated assets pertain to deferred tax assets and other investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. SEGMENT INFORMATION (CONT'D)

Information about product and services

The Group manufactures a wide range of metal and plastics parts which are used as components for products in diverse industries. The percentage of product segments over the total revenue can be summarised as follows:

	Group	
	2015	2014
	%	%
Copier	43	34
Printer	23	26
Automotive	9	8
Computer enclosure	6	10
Data storage devices	5	6
Solar energy related products	4	–
LCD related stamping	3	6
Others	7	10
	100	100

Other segments mainly comprises product and services in switches and telecommunication systems.

Information about major customers

For the current financial year, revenue from the top 10 customers of the Group represents 81% (2014: 77%) of the total Group's revenue.

Sales revenue to two (2014: two) major customers, who individually contribute more than 10% of the Group's revenue, amounts to \$39,542,000 and \$20,863,000 (2014: \$23,256,000 and \$21,206,000) respectively. The sales to these major customers are recorded in Singapore and Malaysia, China, Vietnam, and Thailand segments.

5. REVENUE

Revenue represents invoiced value of goods supplied and services rendered. In respect of the Group, it excludes intra-group transactions.

	Group	
	2015	2014
	\$	\$
Sales of goods supplied	108,691,579	92,664,870
Tooling revenue	11,211,355	6,897,996
Provision of design services	165,754	65,841
	120,068,688	99,628,707

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. OTHER INCOME

	Group	
	2015	2014
	\$	\$
Interest income from bank deposits	42,378	96,213
Gain on disposal of property, plant and equipment	396,866	29,819
Rental income	121,245	678,409
Sundry income	197,179	235,895
Amortisation of deferred compensation income#	516,614	2,017,336
	1,274,282	3,057,672

This amount relates to amortisation of compensation received from government for production suspension for the period from January 2014 to March 2014 and capital grant received from government for acquisition of new assets for relocation purpose.

7. STAFF COSTS

	Group	
	2015	2014
	\$	\$
Salaries, bonuses and other costs	19,455,572	18,708,689
PF and other pension contributions	2,992,370	2,769,487
	22,447,942	21,478,176

8. OTHER OPERATING EXPENSES

The following items have been included in other operating expenses:

	Group	
Note	2015	2014
	\$	\$
Audit fees		
– Auditors of the Company	115,000	125,000
– Other auditors	209,000	190,000
Non-audit fees		
– Auditors of the Company	20,000	24,000
– Other auditors	3,019	5,776
Utilities	2,443,681	2,568,184
Freight and packaging expenses	4,118,594	4,363,081
Directors' emoluments		
– Directors' remuneration#	785,263	788,339
– Directors' fee	160,000	175,000
Allowance for impairment loss on		
– Trade debtors	525,372	58,367
Foreign exchange gain	(42,287)	(236,723)
Operating lease expenses	677,182	689,918

Includes CPF contributions of \$14,791 (2014: \$12,717).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. FINANCE COSTS

	Group	
	2015	2014
	\$	\$
Interest on loans and borrowings	226,796	218,514
Hire purchase interest	393	860
	227,189	219,374

The effective interest rate for loans and borrowings and hire purchase creditors ranged from 1.62% to 5.52% (2014: 3.36% to 6.16%) and 2.70% (2014: 2.88%) per annum respectively.

10. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	2014
	\$	\$
Current taxation	23,938	212,410
Deferred taxation	370,471	5,051,299
	394,409	5,263,709
Under/(over) provision in respect of prior year	2,086	(19,379)
	396,495	5,244,330

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

Profit/(loss) before taxation	723,467	(2,685,202)
Tax at the domestic rates applicable to profit/(loss) in the countries where the Group operates	(116,490)	(831,129)
Adjustments for:		
Non-deductible expenses	823,432	843,577
Non-taxable income	(839,048)	(970,545)
Deferred tax assets not recognised	1,295,519	1,948,203
Benefits from previously unrecognised deferred tax assets	(767,805)	(528,950)
Additional tax expense on compensation income*	-	4,802,553
Others	(1,199)	-
Current year's taxation charge	394,409	5,263,709

* As disclosed in Note 3b(ii), in prior year, the Group engaged an independent tax consultant to review the tax payable for compensation received by Allied Technologies (Suzhou) Co., Ltd. The tax payable computed was subject to the review of local tax authority. Should the tax authority raise an objection to Allied Technologies (Suzhou) Co., Ltd's tax filing and determine that a different tax rule should prevail over the actual tax rule applied, deferred tax liability would be reduced by RMB15.3 million, current income tax payable increase by RMB13.6 million and net results of the Group would increase by RMB1.7 million in the financial year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

11. INTANGIBLE ASSETS

	Membership rights \$
Group	
Cost	
At 1 January 2014	481,327
Currency realignment	31,811
At 31 December 2014 and 1 January 2015	513,138
Currency realignment	551
At 31 December 2015	513,689
Accumulated amortisation and impairment	
At 1 January 2014	285,114
Currency realignment	25,654
Charge for the year	18,482
At 31 December 2014 and 1 January 2015	329,250
Currency realignment	132
Charge for the year	18,674
At 31 December 2015	348,056
Net book value	
At 31 December 2015	165,633
At 31 December 2014	183,888

The membership rights of the Group have remaining useful lives of between 7 to 33 years (2014: 8 to 34 years).

	Membership rights \$
Company	
Cost	
At 1 January 2014, 31 December 2014 and 31 December 2015	325,360
Accumulated amortisation and impairment	
At 1 January 2014	272,174
Charge for the year	14,400
At 31 December 2014 and 1 January 2015	286,574
Charge for the year	14,400
At 31 December 2015	300,974
Net book value	
At 31 December 2015	24,386
At 31 December 2014	38,786

The membership rights of the Company have remaining useful lives of between 1 to 6 years (2014: 7 to 14 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. PROPERTY, PLANT AND EQUIPMENT

<i>Group</i>	Leasehold land \$	Leasehold properties \$	Plant and machinery \$	Furniture and fittings \$	Electrical installations \$	Office equipment \$	Computers \$	Motor vehicles \$	Renovations \$	Assets under construction \$	Total \$
<i>Cost</i>											
At 1 January 2014	7,717,053	25,000,412	58,332,824	435,976	971,374	951,145	4,297,133	1,472,861	3,913,933	11,861,221	114,953,932
Currency realignment	222,613	1,224,562	1,160,028	7,895	91,960	22,176	28,281	14,573	102,244	(217,747)	2,656,585
Additions	-	504,616	3,853,548	33,715	500,567	157,840	99,991	36,031	240,279	6,608,536	12,035,123
Disposals	-	-	(325,865)	-	-	(47,368)	(172,199)	(38,946)	(13,157)	-	(597,535)
Reclassification	84,432	13,239,676	2,597,626	6,343	1,872,267	-	-	-	439,466	(18,239,810)	-
At 31 December 2014 and 1 January 2015	8,024,098	39,969,266	65,618,161	483,929	3,436,168	1,083,793	4,253,206	1,484,519	4,682,765	12,200	129,048,105
Currency realignment	131,276	624,867	221,441	(879)	8,502	4,990	13,422	13,178	65,859	186	1,082,842
Additions	-	72,366	605,594	10,751	2,847	50,412	60,519	33,594	64,006	37,774	937,863
Disposals	-	-	(4,267,579)	(76,275)	-	(346,994)	(174,856)	(853,138)	(860,913)	-	(6,579,755)
Reclassification	-	(97,793)	27,247	(42,551)	(48,163)	(24,615)	84,360	-	113,994	(12,479)	-
At 31 December 2015	8,155,374	40,568,706	62,204,864	374,975	3,399,354	767,586	4,236,651	678,153	4,065,711	37,681	124,489,055
<i>Accumulated depreciation and impairment loss</i>											
At 1 January 2014	1,620,712	4,133,144	54,413,118	373,782	941,136	858,671	3,921,065	1,276,813	3,533,121	-	71,071,562
Currency realignment	40,380	199,804	958,366	5,876	16,154	16,511	27,761	12,108	81,392	-	1,358,352
Charge for the year	206,997	648,891	2,082,517	26,926	262,643	61,294	207,872	68,617	288,705	-	3,854,462
Disposals	-	-	(313,905)	-	-	(47,219)	(172,199)	(38,946)	(13,157)	-	(585,426)
Impairment loss	556,037	1,815,623	-	-	-	-	-	-	-	-	2,371,660
At 31 December 2014 and 1 January 2015	2,424,126	6,797,462	57,140,096	406,584	1,219,933	889,257	3,984,499	1,318,592	3,890,061	-	78,070,610
Currency realignment	28,279	58,821	143,803	(1,250)	(35,159)	4,586	13,762	10,571	51,499	-	274,912
Charge for the year	153,510	835,136	2,641,391	18,047	510,353	53,492	198,429	60,199	259,620	-	4,730,177
Disposals	-	-	(3,817,400)	(73,312)	-	(343,093)	(174,856)	(849,614)	(859,202)	-	(6,117,477)
Reclassification	-	(32,847)	19,177	(17,220)	(48,923)	(9,217)	56,288	-	32,742	-	-
At 31 December 2015	2,605,915	7,658,572	56,127,067	332,849	1,646,204	595,025	4,078,122	539,748	3,374,720	-	76,958,222
<i>Net book value</i>											
At 31 December 2015	5,549,459	32,910,134	6,077,797	42,126	1,753,150	172,561	158,529	138,405	690,991	37,681	47,530,833
At 31 December 2014	5,599,972	33,171,804	8,478,065	77,345	2,216,235	194,536	268,707	165,927	792,704	12,200	50,977,495

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<i>Company</i>	Furniture and fittings \$	Office equipment \$	Computers \$	Motor vehicles \$	Renovations \$	Total \$
Cost						
At 1 January 2014	83,453	65,927	2,594,434	759,888	14,925	3,518,627
Additions	-	-	68,781	-	-	68,781
At 31 December 2014 and 1 January 2015	83,453	65,927	2,663,215	759,888	14,925	3,587,408
Disposals	-	-	-	(759,888)	-	(759,888)
At 31 December 2015	83,453	65,927	2,663,215	-	14,925	2,827,520
Accumulated depreciation						
At 1 January 2014	83,453	56,408	2,390,168	759,888	1,493	3,291,410
Charge for the year	-	3,111	124,722	-	2,993	130,826
At 31 December 2014 and 1 January 2015	83,453	59,519	2,514,890	759,888	4,486	3,422,236
Charge for the year	-	2,950	113,894	-	2,610	119,454
Disposals	-	-	-	(759,888)	-	(759,888)
At 31 December 2015	83,453	62,469	2,628,784	-	7,096	2,781,802
Net book value						
At 31 December 2015	-	3,458	34,431	-	7,829	45,718
At 31 December 2014	-	6,408	148,325	-	10,439	165,172

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in property, plant and equipment of the Group and of the Company are plant and machinery with net book values of \$27,989 (2014: \$95,657) acquired under hire purchase agreements.

In addition to assets held under hire purchase, leasehold land and properties of certain subsidiaries with a carrying amount of \$25,579,728 (2014: \$8,711,449) are pledged to secure the borrowings (Note 25).

For the financial year ended 31 December 2015, the Group has recognised \$516,614 (2014: \$2,017,336) of amortisation of compensation income, as follows:

	2015 \$	2014 \$
Amortisation of compensation for production suspension	–	1,774,786
Amortisation of compensation for newly acquired asset, which has been accounted for as government grant	516,614	242,550
	516,614	2,017,336

Impairment losses

Financial year ended 31 December 2014

An independent valuer was commissioned by management to conduct an independent valuation on the land and buildings held by Allied Technologies (Suzhou) Co., Ltd as there was an indication of impairment. According to the valuation report, the land and buildings have a market value of approximately RMB108.2 million as at 31 December 2014.

As the fair value less costs to sell was lower than the net book value of the land and building by RMB11.1 million (approximately \$2.4 million), management provided impairment for land and building of RMB11.1 million in the year ended 31 December 2014.

Financial year ended 31 December 2015

No impairment losses have been recorded for the year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

13. INVESTMENT PROPERTY

	\$
Group	
Cost	
At 1 January 2014	4,895,452
Currency realignment	118,059
At 31 December 2014 and 1 January 2015	5,013,511
Currency realignment	90,061
Additions	22,995
At 31 December 2015	5,126,567
Accumulated depreciation and impairment	
At 1 January 2014	-
Currency realignment	(42,827)
Charge for the year	221,489
Impairment loss	344,093
At 31 December 2014 and 1 January 2015	522,755
Currency realignment	9,719
Charge for the year	231,296
At 31 December 2015	763,770
Net book value	
At 31 December 2015	4,362,797
At 31 December 2014	4,490,756

	Group	
	2015	2014
	\$	\$
Income statement:		
Rental income from investment properties	54,732	616,713
Direct operating expenses	(16,891)	(139,148)
	37,841	477,565

From 2013, the Group commenced to lease out its investment property (anodizing plant) to earn rental income. The Group reclassified the leasehold land and properties to investment property accordingly. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The fair value of the investment property based on comparable market transaction is approximately RMB19.5 million (2014: RMB19.1 million) as at 31 December 2015. The valuations were performed by Shanghai Zhongheng Xinyin Real Estate Appraisal Limited Company, a qualified independent valuer. As the fair value less costs to sell is higher than the carrying amount, no provision for impairment was required for the year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES

	Company	
	2015	2014
	\$	\$
Unquoted shares, at cost	53,337,402	53,337,402
Discount implicit in the interest-free company loans	955,041	955,041
Less: Allowance for impairment in value of investments in subsidiaries	(19,777,945)	(19,777,945)
	34,514,498	34,514,498
Loan receivables, unsecured	8,600,643	7,204,525
Loans and receivables designated as quasi – equity	19,116,107	16,026,876
Less: Allowance for impairment in loan receivables	(8,600,643)	(7,204,525)
	19,116,107	16,026,876

The impairment in value of investments and loan receivables has been provided for subsidiaries who are in net liabilities and/or loss making position.

The loan receivables due from the subsidiaries bear interest at SIBOR + 1.5% per annum, are non-trade related, and are not expected to be repaid within one year.

Analysis of allowance for impairment loss:

	Company	
	2015	2014
	\$	\$
Balance at beginning of year	26,982,470	25,083,298
Amount provided during the year	1,396,118	1,899,172
Balance at end of year	28,378,588	26,982,470
Impairment loss on:		
– Investments in subsidiaries	19,777,945	19,777,945
– Loan receivables	8,600,643	7,204,525
	28,378,588	26,982,470

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. INVESTMENT IN SUBSIDIARIES AND LOAN RECEIVABLES FROM SUBSIDIARIES (CONT'D)

The subsidiaries as at 31 December are:

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held		
		2015 %	2014 %	
Held by the Company:				
+ Allied Machineries (Shanghai) Co., Ltd. (People's Republic of China)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (People's Republic of China)	100	100	
+ Allied Technologies (Suzhou) Co., Ltd. (People's Republic of China)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (People's Republic of China)	100	100	
+* Allied Technologies (Dongguan) Co., Ltd. (People's Republic of China)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (People's Republic of China)	100	100	
^ Taicang Shanfeng Hardware Co., Ltd. (People's Republic of China)	Investment holding (People's Republic of China)	100	100	
+ Allied Precision Manufacturing (M) Sdn. Bhd. (Malaysia)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Malaysia)	100	100	
+ Allied Technologies (Saigon) Co., Ltd. (Vietnam)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Vietnam)	100	100	
@ Allied Technologies (Taiwan) Co., Ltd. (Taiwan)	Marketing office (Taiwan)	100	100	
+ Allied Precision (Thailand) Co., Ltd. (Thailand)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Thailand)	100	100	
Held through Allied Technologies (Suzhou) Co., Ltd				
@ Yitong Precision Technology (Suzhou) Co., Ltd. (People's Republic of China)	Dormant (People's Republic of China)	100	100	

+ Audited by member firms of Ernst & Young Global in the respective countries.

@ Not required to be audited by law in its country of incorporation.

^ Audited by 苏州新联谊会会计事务所

* Allied Technologies (Dongguan) Co., Ltd. ceased its operation during the year. It is dormant as at 31 December 2015. For the year ended 31 December 2015, this subsidiary recorded revenue of \$6,650,000 (2014: \$9,095,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

15. OTHER INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Available-for-sale financial assets – unquoted shares	2,205,263	2,205,263	2,080,934	2,080,934

The unquoted shares are ordinary shares, representing 3.85% of interest, in a Taiwanese company which is in the electronics components industry. The shares are not quoted on any market and do not have any comparable industry price that is listed.

The unquoted shares are denominated in Taiwan dollars and are stated at cost, in accordance with accounting policy of the Group.

The Group does not intend to dispose of this investment in the foreseeable future.

16. INVENTORIES

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Balance sheet				
Finished goods	4,096,503	3,372,847	–	428,183
Work-in-progress	6,352,552	4,036,332	–	149,784
Raw materials	2,400,001	1,769,377	–	73,543
Total inventories at lower of cost and net realisable value	12,849,056	9,178,556	–	651,510
Income statement				
Inventories recognised as an expense in cost of sales	99,170,805	83,197,512	4,418,133	6,923,840
(Write-back of)/allowance for inventory obsolescence	(870,405)	766,882	(231,394)	(44,740)
Inventories written off	253,194	106,254	142,082	80,837

The reversal of write-down of inventories was made when the related inventories were sold subsequently.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

17. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2015	2014
	\$	\$
Trade	5,070,180	4,607,594
Non-trade	6,180,911	6,124,294
	11,251,091	10,731,888
Less: Allowance for impairment loss	(733,878)	(806,129)
	10,517,213	9,925,759
Analysis of allowance for impairment loss:		
Balance at beginning of financial year	806,129	722,952
Charge to income statement	34,870	83,177
Reversal of impairment loss	(107,121)	-
Balance at end of financial year	733,878	806,129

Amounts due from subsidiaries are unsecured, interest-free, repayable on demand and are expected to be settled in cash. Management has determined that the carrying amount of amounts due from subsidiaries based on their notional amounts, reasonably approximate their fair values as these are mostly short term in nature.

The non-trade amounts due from subsidiaries relate to sale of plant and equipment, payments made on behalf of the subsidiaries (raw materials and sundry expenses), and loan interests.

Amount due from subsidiaries (gross) were denominated in the following foreign currency, other than the functional currencies of the Company, at the balance sheet date:

	Company	
	2015	2014
	\$	\$
United States dollars	10,922,495	10,410,758
Taiwan dollars	321,240	313,066

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

18. TRADE DEBTORS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade debtors	38,897,378	32,689,589	1,922,694	3,428,341
Less: Allowance for impairment loss	(1,113,886)	(1,189,153)	(232,716)	(546,493)
	37,783,492	31,500,436	1,689,978	2,881,848

Receivables that are past due but not impaired:

Less than 30 days	3,308,476	1,350,859	65,266	302,630
30 days to 60 days	292,680	705,677	22,183	246,381
60 days to 90 days	25,339	187,540	–	93,239
More than 90 days	155,936	370,632	–	–
	3,782,431	2,614,708	87,449	642,250

Receivables that are impaired:

Trade debtors – nominal amounts	1,113,886	1,189,153	232,716	546,493
Less: Allowance for impairment loss	(1,113,886)	(1,189,153)	(232,716)	(546,493)
	–	–	–	–

Movement in allowance accounts:

Balance at beginning of financial year	1,189,153	1,299,451	546,493	473,635
Charge for the year	525,372	58,367	74,103	72,858
Written off	(550,506)	(291,798)	(387,880)	–
Currency realignment	(50,133)	123,133	–	–
Balance at end of financial year	1,113,886	1,189,153	232,716	546,493

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are long outstanding, in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade debtors (gross) were denominated in the following foreign currency, other than the functional currencies of the Company and the subsidiaries, at the balance sheet date:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
United States dollars	19,497,787	21,591,750	1,642,011	3,240,626

Trade debtors are non-interest bearing and are generally on 30 to 180 days' term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

19. OTHER DEBTORS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Sundry debtors	1,582,585	1,755,169	156,902	36,303
Deposits	773,349	450,605	13,530	277,305
Deferred cost	2,372,045	2,411,739	1,274,649	723,949
	4,727,979	4,617,513	1,445,081	1,037,557

Deferred cost relates to the billings from subcontractor for tooling costs incurred.

Sundry debtors of the Group are mainly custom guarantees and VAT receivables. Deposits of the Group mainly relate to rental deposits and custom deposits.

20. CASH AND BANK BALANCES AND FIXED DEPOSITS

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits with financial institutions mature with varying periods within 16 months (2014: 12 months) from the financial year end. The weighted average effective interest rates for the year ranged from 0.25% to 3.30% (2014: 2.80% to 3.30%) per annum.

Cash and bank balances denominated in foreign currencies, other than the functional currencies of the Company and the subsidiaries, at the balance sheet date:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
United States dollars	11,952,057	4,187,890	670,594	1,122,172

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Cash and bank balances	15,513,706	10,256,184	957,984	1,506,782

Fixed deposits (pledged) are amounts pledged as security for loans (Note 25), electricity and utility services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

21. TRADE CREDITORS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Trade creditors	31,077,377	27,707,853	83,537	1,596,095

These amounts are non-interest bearing and are generally on 30 – 120 days' term.

Trade creditors were denominated in the following foreign currencies, other than the functional currencies of the Company and subsidiaries, at the balance sheet date:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
United States dollars	13,236,868	12,423,059	46,980	786,535
Euro	–	1,625	–	1,625

22. HIRE PURCHASE CREDITORS

The average interest rate implicit in the hire purchase obligation is 2.70% (2014: nil%) per annum.

The future minimum payments under hire purchase agreements are as follows:

	Minimum payments	Present value of payments
	2015	2015
	\$	\$
Group and Company		
Within one year	8,885	8,272
After one year but not more than five years	12,589	11,721
Total minimum lease payments	21,474	19,993
Less: Amounts representing finance charges	(1,481)	–
Present value of minimum lease payments	19,993	19,993

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

23. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Sundry creditors	2,899,439	4,825,939	1,012,869	172,885
Payroll accruals	2,231,839	2,159,258	476,839	513,356
Accrued operating expenses	2,131,258	1,233,917	241,294	215,336
Deferred income	1,862,912	1,157,832	1,545,601	1,157,832
Amount due to a director	-	600,000	-	600,000
	9,125,448	9,976,946	3,276,603	2,659,409

Sundry creditors of the Group mainly relates to payable to non-trade suppliers, including suppliers for the property, plant and equipment of the Group. These amounts are generally on 30 to 180 days' term.

Deferred income relates to the advance billings to customers for on-going tooling project.

Amount due to a director was non-trade in nature, unsecured, interest-free, and repayable on demand. As at 31 December 2015, the amount due to director has been fully repaid.

24. DEFERRED COMPENSATION INCOME

	Group	
	2015	2014
	\$	\$
Current	515,345	505,087
Non-current	9,018,536	9,344,101
	9,533,881	9,849,188

In the financial year ended 31 December 2013, the Group received compensation from the local authority of Suzhou arising from compulsory land acquisition of Suzhou plant.

The deferred compensation income has been recognised to the income statement on a straight line basis based on the nature of the compensation, as follows:

Amortisation of compensation for newly acquired leasehold properties,
which has been accounted for as government grant

20 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

25. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2015 \$	2014 \$	2015 \$	2014 \$
Loans and borrowings:					
Current	2016	9,595,129	2,634,123	3,358,764	1,992,000
Non-current	2017	261,648	–	261,648	–
		9,856,777	2,634,123	3,620,412	1,992,000

The current and non-current borrowings bear effective interest rates ranging from 1.62% to 5.52% (2014: 3.36% to 6.16% per annum).

Loans and borrowings are secured facilities granted to the Group and the Company. The secured facilities granted are secured by:

- (a) \$2,133,000 (2014: \$1,992,000) of the outstanding loans are secured by a debenture with fixed and floating charges over all the present and future assets of the Company.
- (b) \$3,356,011 (2014: \$nil) of the outstanding loans are secured by fixed deposits placement by the Company and its respective subsidiaries.
- (c) \$4,367,766 (2014: \$642,123) of the outstanding loans are secured by pledging leasehold land and properties of the respective subsidiaries.

Current and non-current borrowings were denominated in the following foreign currencies, other than the functional currencies of the Company and the subsidiaries, at the balance sheet date:

	Group		Company	
	2015 \$	2014 \$	2015 \$	2014 \$
United States dollars	5,489,011	1,992,000	3,620,412	1,992,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets

Balance at beginning of financial year
Reversal for the year
Currency realignment
Balance at end of financial year

Group	
2015	2014
\$	\$
1,414,099	5,946,693
(555,885)	(4,479,144)
30,085	(53,450)
888,299	1,414,099

Deferred tax liabilities

Balance at beginning of financial year
Reversal/(allowance) for the year
Currency realignment
Balance at end of financial year

(4,397,241)	(3,783,303)
185,414	(504,176)
(89,437)	(109,762)
(4,301,264)	(4,397,241)

Net deferred tax liabilities

(3,412,965)	(2,983,142)
--------------------	--------------------

The deferred tax (liabilities)/assets arose as a result of:

Differences in depreciation for tax purposes
Unutilised tax losses
– Expiring in Year 2016
– Expiring in Year 2017
– Expiring in Year 2018
– Expiring in Year 2019

Group	
2015	2014
\$	\$
(4,267,264)	(4,111,799)

Accruals and provisions
Unremitted foreign income

250,349	490,732
250,349	245,365
250,349	245,365
137,252	134,521
888,299	1,115,983
–	30,674
(34,000)	(18,000)
(3,412,965)	(2,983,142)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

26. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

At the end of the reporting period, the Group has tax losses of approximately \$24,994,863 (2014: \$26,063,833) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The tax losses of the PRC subsidiaries can only be utilised within the five-year period commencing from the year in which the loss is incurred. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for the following amounts:

	Group	
	2015	2014
	\$	\$
Expiring in:		
Year 2015	–	1,637,486
Year 2016	1,354,784	2,831,653
Year 2017	5,557,170	5,687,902
Year 2018	9,329,869	7,309,574
Year 2019	3,565,734	5,186,290
Year 2020	2,334,631	–
	22,142,188	22,652,905

As at 31 December 2015, the Group has undistributed earnings of subsidiaries of approximately \$nil (2014: \$nil), for which deferred tax liabilities have not been provided as the Group has determined that such earnings will not be distributed in the foreseeable future.

27. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares:				
Balance as at beginning and end of financial year	675,164,460	57,337,354	675,164,460	57,337,354

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

28. FOREIGN CURRENCY TRANSLATION RESERVE

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

29. STATUTORY RESERVE FUND

Statutory reserve fund relates to the appropriation of profit made in accordance with the relevant regulations applicable to wholly foreign-owned investment enterprises established in the PRC. The relevant PRC subsidiaries have to appropriate at least 10% of their net profit after taxation determined according to the statutory financial statements to the statutory reserve fund until the fund has reached 50% of its registered capital.

The PRC subsidiaries are prohibited from distributing dividends from statutory reserve fund. Utilisation of statutory reserve fund is governed and restricted by the relevant PRC laws and regulations.

30. OTHER RESERVES

	Group and Company	
	2015	2014
	\$	\$
Employee share option reserve	188,948	188,948

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

31. PROFIT/(LOSS) PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) after taxation attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing the profit/(loss) after taxation attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential shares into ordinary shares.

The calculation for basic and diluted earnings/(loss) per share is based on:

	Group	
	2015	2014
	\$	\$
Net profit/(loss) attributable to shareholders	326,972	(7,929,532)
Weighted average number of ordinary shares for basic and diluted earnings per share computation	675,164,460	675,164,460
Basic profit/(loss) per share (cents)	0.05	(1.17)
Diluted profit/(loss) per share (cents)	0.05	(1.17)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

32. OPERATING LEASE COMMITMENTS

(a) *As lessee*

The Group has entered into commercial leases on certain properties and office equipment. These leases have an average tenure of between one and five years with terms of renewal but no purchase options and escalation clauses. The Group is restricted from subleasing the leased equipment to third parties.

Future minimum lease payments under the non-cancellable operating leases of the balance sheet date are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Within one year	367,762	144,236	7,368	11,832
After one year but not more than five years	1,210	8,076	1,210	8,076
	368,972	152,312	8,578	19,908

(b) *As lessor*

The Group has entered into commercial property leases on certain of its properties. These non-cancellable leases have remaining lease terms of 1 year (2014: 2 and 4 years). These leases have no terms of renewal, no purchase options and escalation clauses. Future minimum lease receivable under the non-cancellable operating leases of the balance sheet date are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Within one year	11,390	705,947	–	–
After one year but not more than five years	–	1,722,966	–	–
	11,390	2,428,913	–	–

33. FUTURE CAPITAL EXPENDITURE

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

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
Commitments in respect of:				
– contracts placed on purchases of equipment	635,906	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. COMMITMENTS

(a) *Letter of financial support*

The Company has issued letters of undertaking to provide adequate financial support in the foreseeable future to enable 4 (2014: 4) subsidiaries to meet their financial obligation as and when they fall due.

At 31 December 2015, the net liability position of the subsidiaries amounted to \$16,755,172 (2014: \$14,872,662).

(b) *Corporate guarantees*

The Group has provided corporate guarantees for certain banking facilities granted by banks to its subsidiaries. At 31 December 2015, these corporate guarantees amounted to \$7,780,566 (2014: \$2,921,600). The unutilised banking facilities secured by such guarantees amounted to \$1,265,844 (2014: \$2,656,000) as at 31 December 2015.

35. EMPLOYEES SHARE OPTION SCHEME

The Allied Technologies Share Option Scheme adopted on 22 April 2005 was administered by the Remuneration Committee. The Company granted share options for the first time on 1 July 2005. As at 31 December 2015, the entire 1,464,000 (2014: 1,464,000) cumulative unissued share options under the Company's Share Option Scheme had expired on 30 June 2015.

The following table illustrates the number and exercise prices of, and movements in, share options during the financial year:

	2015		2014	
	No. of share option	Exercise price (\$)	No. of share option	Exercise price (\$)
Outstanding at beginning of year	1,464,000	0.14	1,644,000	0.14
Expired/forfeited during the year	(1,464,000)	0.14	(180,000)	0.14
Outstanding at end of year	<u>-</u>		<u>1,464,000</u>	0.14
Exercisable at end of year	<u>-</u>		<u>1,464,000</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. SIGNIFICANT RELATED PARTIES TRANSACTIONS

An entity or individual is considered a related party of the Group if:

- (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decision of the Group or vice-versa; or
- (ii) it is subject to common control or common significant influence.

Related parties refer to companies within the Group and companies in which certain Directors have or are deemed to have significant interests or exercise significant influence. Related parties transactions were based on terms agreed between the parties.

In addition to related party transactions disclosed in other notes to the financial statements, the following are significant related party transactions entered into, at terms agreed between the parties, by the Group with:

- (i) Sale and purchase of goods and services:

	Group	
	2015	2014
	\$	\$
Professional services rendered by a firm, in which a director is a partner	18,560	22,072

- (ii) Compensation of key management personnel (excluding Directors):

	Group	
	2015	2014
	\$	\$
Short term employee benefits	702,937	789,584
CPF and other pension expenses	23,050	31,937
	725,987	821,521

Directors' compensation is disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

It is, and has been throughout the current and previous financial year the Group's and the Company's policy not to hold or issue derivative financial instruments for trading purposes.

The financial risks are summarised as follows:

(a) Credit risk

Credit risk is the risk that companies and other parties will be unable to meet their obligations to the Group resulting in financial loss to the Group. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credits extended.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets and the corporate guarantees provided by the Company to the banks on its subsidiaries' loans. Details of the corporate guarantees are provided in Note 34(b).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry and country sector profile of its trade debtors on an on-going basis. The credit risk concentration profile of the Group's trade debtor balances at the end of the reporting period is as follows:

	Group			
	2015		2014	
	\$	% of total	\$	% of total
<i>By country:</i>				
China	30,862,528	81	25,148,276	80
Thailand	1,801,952	5	841,259	3
Malaysia	1,764,744	5	1,149,273	3
Singapore	1,607,865	4	1,447,650	5
Vietnam	318,372	1	424,605	1
Australia	287,023	1	–	–
United States	26,609	–	7,864	–
Taiwan	–	–	237,062	1
Others	1,114,399	3	2,244,447	7
	37,783,492	100	31,500,436	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

Credit risk concentration profile (cont'd)

	Group			
	2015		2014	
	\$	% of total	\$	% of total
By industry:				
Information Technology	28,174,831	74	27,125,626	86
Solar Energy	7,852,199	21	–	–
Others	1,756,462	5	4,374,810	14
	37,783,492	100	31,500,436	100

At the end of the reporting period, approximately 58% (2014: 58%) of the Group's trade debtors were due from 5 major customers located in the People's Republic of China, Vietnam, Thailand and Malaysia.

For trade and other debtors that are neither past due nor impaired are credit-worthy debtors with good payment records with the Group. Surplus funds are placed with reputable financial institutions.

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) *Liquidity risk*

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash equivalents to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group will constantly raise funding from both capital markets and financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

(i) *Analysis of financial liabilities by remaining contractual maturities*

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

	2015			2014		
	1 year or less \$	1 to 5 years \$	Total \$	1 year or less \$	1 to 5 years \$	Total \$
Group						
Financial assets						
Trade and other debtors	40,139,426	–	40,139,426	33,706,210	–	33,706,210
Cash and bank balances	15,513,706	–	15,513,706	10,256,184	–	10,256,184
Fixed deposits (pledged)	671,384	342,560	1,013,944	325,785	–	325,785
Total undiscounted financial assets	56,324,516	342,560	56,667,076	44,288,179	–	44,288,179
Financial liabilities						
Trade creditors	31,077,377	–	31,077,377	27,707,853	–	27,707,853
Other creditors and accruals	7,262,536	–	7,262,536	8,819,114	–	8,819,114
Loans and borrowings	9,725,832	262,644	9,988,476	2,684,447	–	2,684,447
Hire purchase creditors	8,885	12,589	21,474	–	–	–
Total undiscounted financial liabilities	48,074,630	275,233	48,349,863	39,211,414	–	39,211,414
Total net undiscounted financial assets	8,249,886	67,327	8,317,213	5,076,765	–	5,076,765

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

(i) *Analysis of financial liabilities by remaining contractual maturities (cont'd)*

	2015			2014		
	1 year or less \$	1 to 5 years \$	Total \$	1 year or less \$	1 to 5 years \$	Total \$
Company						
Financial assets						
Amounts due from subsidiaries	10,517,213	–	10,517,213	9,925,759	–	9,925,759
Trade and other debtors	1,860,410	–	1,860,410	3,195,456	–	3,195,456
Cash and bank balances	957,984	–	957,984	1,506,782	–	1,506,782
Fixed deposits (pledged)	–	342,560	342,560	–	–	–
Total undiscounted financial assets	13,335,607	342,560	13,678,167	14,627,997	–	14,627,997
Financial liabilities						
Trade creditors	83,537	–	83,537	1,596,095	–	1,596,095
Other creditors and accruals	1,731,002	–	1,731,002	1,501,577	–	1,501,577
Loans and borrowings	3,397,217	262,644	3,659,861	2,022,547	–	2,022,547
Total undiscounted financial liabilities	5,211,756	262,644	5,474,400	5,120,219	–	5,120,219
Total net undiscounted financial assets	8,123,851	79,916	8,203,767	9,507,778	–	9,507,778

(ii) *Analysis of contingent liabilities by contractual expiry*

The table below shows the contractual expiry by maturity of the Group's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be recalled.

Group

Financial guarantee	7,780,566	–	7,780,566	2,921,600	–	2,921,600
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Interest rate risk*

Interest rate risk is the risk that changes in interest rate will have an adverse financial effect on the Group's financial conditions and/or results.

The Group's exposure to market risk for changes in interest rate environment relates mainly to its cash balances, fixed deposits and debt obligations.

The Group manages its interest rate exposure through reviews of its debt portfolio and cash resources deployment, taking into account the debts and deposits periods and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been higher by 75 (2014: 75) basis points with all other variables held constant, the Group's profit (2014: loss) before tax for the year ended 31 December 2015 would have been lower (2014: higher) by \$73,926 (2014: \$19,756) as a result of higher in interest expenses on floating rate loans and borrowings. If the interest rate had been lower by 75 (2014: 75) basis points, the Group's profit (2014: loss) would have had the equal but opposite effect, on the basis that all other variables remain constant.

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, PRC Renminbi (RMB), Malaysian Ringgit (MYR) and Vietnamese Dong (VND). The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD). Approximately 65% (2014: 72%) of the Group's sales are denominated in foreign currencies whilst almost 95% (2014: 91%) of costs are denominated in the respective functional currencies of the Group entities.

Foreign currency risk arises from a change in foreign currency exchange rate which is expected to have adverse effects on the Group in the current reporting period and in future years.

The Group is exposed to foreign currency exchange fluctuations mainly in USD.

The Group maintains a natural hedge, wherever possible, by matching the foreign currencies assets against its liabilities. However, the Group continues to be exposed to foreign currency risk relating to any unmatched amounts, which is managed by the use of forward contracts when appropriate.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. In relation to its overseas investments in its foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are captured under the exchange translation reserve. These translation differences are reviewed and monitored on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

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

		Profit/(loss) net of tax	
		2015	2014
		Increase profit/ (Decrease profit)	Decrease loss/ (Increase loss)
		\$	\$
USD/SGD	– strengthened 3% (2014: 3%)	326,209	444,725
	– weakened 3% (2014: 3%)	(326,209)	(444,725)
USD/RMB	– strengthened 1% (2014: 1%)	25,166	5,601
	– weakened 1% (2014: 1%)	(25,166)	(5,601)
USD/VND	– strengthened 1% (2014: 1%)	(34,816)	(15,786)
	– weakened 1% (2014: 1%)	34,816	15,786
USD/MYR	– strengthened 3% (2014: 3%)	(180,057)	(200,667)
	– weakened 3% (2014: 3%)	180,057	200,667

Fair value of financial assets and financial liabilities

Management has determined that the carrying amount of cash balances, current trade and other debtors, current trade and other creditors and accruals, loans and borrowings, reasonably approximate their fair values because these are mostly short term in nature or bear interest at floating rates and are re-priced frequently.

Apart from access to management accounts and audited accounts, the Group is unable to obtain additional information to value its other investment in unquoted shares. As management has determined that fair value cannot be established reliably through valuation techniques, this financial asset has been carried at cost and tested for impairment.

The carrying amounts of loan receivables from subsidiaries approximates their fair values since they are floating rate instruments that are re-priced to market interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Classification of financial instruments

The table below is an analysis of the carrying amount of financial instruments by categories as defined in FRS 39 as at 31 December:

	Group		Company	
	2015	2014	2015	2014
	\$	\$	\$	\$
<i>Loans and receivables</i>				
Trade debtors	37,783,492	31,500,436	1,689,978	2,881,848
Other debtors	2,355,934	2,205,774	170,432	313,608
Cash and bank balances	15,513,706	10,256,184	957,984	1,506,782
Fixed deposits (pledged)	1,001,197	316,993	341,280	–
Amounts due from subsidiaries	–	–	10,517,213	9,925,759
Total	56,654,329	44,279,387	13,676,887	14,627,997
<i>Available-for-sale financial assets</i>				
Other investments	2,205,263	2,205,263	2,080,934	2,080,934
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	31,077,377	27,707,853	83,537	1,596,095
Other creditors and accruals	7,262,536	8,819,114	1,731,002	1,501,577
Loans and borrowings	9,856,777	2,634,123	3,620,412	1,992,000
Hire purchase creditors	19,993	–	–	–
Total	48,216,683	39,161,090	5,434,951	5,089,672

38. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. During the financial year ended 31 December 2015, there has been no change to the Group's objective, policies and processes for managing capital.

Management monitors capital based on a gearing ratio. The Group's strategy, which was unchanged from prior year, is to maintain gearing ratios within 150%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

38. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio is calculated as total liabilities divided by net worth. Total liabilities are calculated as borrowings plus trade and other creditors and accruals. Net worth is calculated as equity less foreign currency translation reserve.

	Group	
	2015	2014
	\$	\$
Total liabilities	50,079,595	40,318,922
Net worth	61,164,686	60,837,714
Gearing ratio	82%	66%

As disclosed in Note 29, the PRC subsidiaries are required to contribute to and maintain a reserve fund. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2015 and 2014.

In addition, the Group is required to comply with certain debt covenants imposed by a banker on the loans drawn down. The Group is in compliance with the debt covenants as at year-end.

39. DIVIDENDS

	Group and Company	
	2015	2014
	\$	\$
<i>Paid during the financial year ended 31 December 2014:</i>		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2013: 0.5 cents per share	–	3,375,822

40. SIGNIFICANT EVENT DURING THE YEAR

On 1 December 2015, the Company entered into a non-binding memorandum of understanding ("MOU") with Cairnhill Treasure Investment (S) Pte. Ltd. ("Cairnhill Treasure") and Tan Boon Kian (collectively, the "Vendors"), in relation to a proposed investment by the Company in Maxz Universal Development Group Private Limited (the "Target Company") (the "Proposed Transaction"). The MOU shall remain effective for a period of 6 months from 1 December 2015, and may be amended or extended at any time by written mutual determination of the Company and Vendors.

The Target Company, which is incorporated in Singapore, is the legal and beneficial owner of 12,836,319 ordinary shares of Treasure Resort Pte. Ltd. ("Treasure Resort"), representing 93.90% of the issued share capital of Treasure Resort. Treasure Resort, which is incorporated in Singapore, is in the business of management of resorts, and its assets include the Mövenpick Heritage Hotel Sentosa, located on Sentosa Island, Singapore.

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 24 March 2016.

STATISTICS OF SHAREHOLDINGS

Issued & fully paid-up capital	:	57,337,354
Number of shares	:	675,164,460
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	68	3.36	783	0.00
100 – 1,000	135	6.67	126,120	0.02
1,001 – 10,000	530	26.18	3,275,868	0.49
10,001 – 1,000,000	1,252	61.86	92,375,680	13.68
1,000,001 AND ABOVE	39	1.93	579,386,009	85.81
TOTAL	2,024	100.00	675,164,460	100.00

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
1. Hsu Ching Yuh @ Sheu Ching Yuh	249,697,000	36.98	–	–
2. New Outlook Limited ⁽¹⁾	129,456,408	19.17	–	–
3. Yu Yi Chang ⁽²⁾	–	–	129,456,408	19.17
4. Yeh Shun Wei ⁽²⁾	–	–	129,456,408	19.17

NOTES:

- (1) New Outlook Limited is incorporated in Samoa and is owned by Yu Yi Chang (19%), his wife, Yeh Shun Wei (71%), Yu Min-Hui (2.5%), Yu I Yuan (2.5%), Yang Pi Yueh (2.5%) and Chen Yun Ju (2.5%).
- (2) Yu Yi Chang and Yeh Shun Wei are deemed to have an interest in the 129,456,408 shares held by virtue of Section 7 of the Companies Act, Cap 50.

STATISTICS OF SHAREHOLDINGS

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSU CHING YUH @ SHEU CHING YUH	249,697,000	36.98
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	158,730,645	23.51
3	SOH WENG KHEONG	26,037,630	3.86
4	TAN LAY THIAM	20,354,100	3.01
5	OCBC SECURITIES PRIVATE LIMITED	14,234,600	2.11
6	CHANG WU-YIN	13,150,750	1.95
7	TAN SUN HAN	9,854,000	1.46
8	CHANG CHI-YUNG	9,600,000	1.42
9	KGI FRASER SECURITIES PTE. LTD.	8,000,500	1.18
10	UOB KAY HIAN PRIVATE LIMITED	6,899,600	1.02
11	DBS NOMINEES (PRIVATE) LIMITED	5,193,784	0.77
12	CHANG SU-SEN	4,365,000	0.65
13	NG KIM CHOON	3,822,000	0.57
14	TAN SIANG KENG	3,735,000	0.55
15	GOH KIAN SOON	3,393,100	0.50
16	BANK OF SINGAPORE NOMINEES PTE. LTD.	3,208,400	0.48
17	GOH BOON CHYE	3,148,000	0.47
18	TAN ENG CHUA EDWIN	2,631,400	0.39
19	CHANG KUO YUNG	2,563,500	0.38
20	TAN JUI YAK	2,436,900	0.36
TOTAL		551,055,909	81.62

SHAREHOLDING IN THE HANDS OF PUBLIC

Based on the information provided to the Company as at 21 March 2016, approximately 40.00% of the issued ordinary shares of the Company were held by the public. Accordingly, Rule 723 of the Mainboard Listing Rules of SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ALLIED TECHNOLOGIES LIMITED will be held at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853, on Monday, 25 April 2016, at 9.00 a.m. for the following purposes:–

AS ORDINARY BUSINESS:–

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors, and the Statement of Directors. **(Resolution 1)**

2. To re-elect Mr Woo Say Hock (retiring pursuant to Article 107 of the Company's Articles of Association) as a Director. **(Resolution 2)**

Mr Woo Say Hock will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee, and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

3. To re-elect Mr Jake Lam (retiring pursuant to Article 107 of the Company's Articles of Association) as a Director. **(Resolution 3)**

Mr Jake Lam will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Remuneration Committee and Audit Committee, and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

4. To re-elect Mr Yau Woon Foong (retiring pursuant to Article 107 of the Company's Articles of Association) as a Director. **(Resolution 4)**

Mr Yau Woon Foong will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee, and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

5. To approve the payment of Directors' fees of S\$159,273 for the financial year ended 31 December 2015. **(Resolution 5)**

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

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

AS SPECIAL BUSINESS:–

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:–

NOTICE OF ANNUAL GENERAL MEETING

8. Authority to allot and issue new shares

"That pursuant to Section 161 of the Companies Act, Cap.50, the Articles of Association and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

- (A) (i) allot and issue shares in the Company whether by way of rights or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (B) (notwithstanding 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 of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." [see Explanatory Note (i)] **(Resolution 7)**

BY ORDER OF THE BOARD

Khoo Boo Han
Company Secretary
Singapore
8 April 2016

EXPLANATORY NOTES:

- (i) The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

NOTES:

- (i) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

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

NOTICE OF ANNUAL GENERAL MEETING

- (ii) Where a member appoints multiple proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
- (iii) If the member is a corporation, the instrument appointing the proxy must be under its Common Seal or the hand of its attorney or its duly authorised officer.
- (iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853, not less than 48 hours before the time appointed for holding the above Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) 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"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ALLIED TECHNOLOGIES LIMITED

(Company Registration No. 199004310E)
(Incorporated in the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. This Proxy Form is therefore, not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name)

of _____ (Address)

being a member/members of ALLIED TECHNOLOGIES LIMITED (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 (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be held at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853, on Monday, 25 April 2016, at 9.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	Resolutions relating to:	For*	Against*
1	Audited Accounts for the financial year ended 31 December 2015, together with the Reports of the Directors and Auditors and the Statement of the Directors		
2	Re-election of Mr Woo Say Hock as a Director		
3	Re-election of Mr Jake Lam as a Director		
4	Re-election of Mr Yau Woon Foong as a Director		
5	Approval of Directors' fees amounting to S\$159,273 for the financial year ended 31 December 2015		
6	Re-appointment of Ernst & Young LLP as the Company's Auditors and authorisation of the Directors to fix their remuneration		
7	Authority to allot and issue new shares		

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

Dated this _____ day of _____, 2016.

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

Signature(s) of Member(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes

1. A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
2. A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

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

3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
5. This proxy form must be deposited at the Company's registered office at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853, not less than 48 hours before the time set for the Meeting.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form 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 this proxy form 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 this Proxy Form, failing which this proxy form shall be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form 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.

PERSONAL DATA PRIVACY

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



ALLIED TECHNOLOGIES LIMITED

Company Registration No. 199004310E

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