pteris Global

Member of the CIMC Group

PTERIS GLOBAL LIMITED
28 Quality Road
Singapore 618828
Tel: +65 6861 2828
Fax: +65 6266 5516

www.pterisglobal.com

PTERIS GLOBAL LIMITED | ANNUAL REPORT 2014

pteris Global

ANNUAL REPORT 2014



MEMBER OF THE CIMC GROUP

CONTENTS

Corporate Profile	01
Our Vision & Mission	02
Our Core Businesses	04
Global Network	10
Chairman's Message	12
CEO's Message	14
Board of Directors	16
Senior Management	21
Key Corporate Events	24
Report on Corporate Governance	25
Financial Contents	44

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road, #21-02 Singapore 068896, Telephone (65) 6854-6160.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr Li Yinhui
Non-Executive Chairman

Mr Low Kok Hua PBM
Non-Executive Director

Mr Yu Yuqun
Non-Executive Director

Mr Fong Heng Boo
Lead Independent Director

Dr Soon Kong Ann
Independent Director

Ms Gan Siok Loon
(Mrs. Lam Siok Loon)
Independent Director

Mr Robert Chew
Independent Director

Mr Zheng Zuhua
Executive Director

Ms Zeng Beihua
Non-Executive Director

COMPANY SECRETARY

Ms Tan Swee Gek

Ms Ong Beng Hong

AUDIT & RISK COMMITTEE

Mr Fong Heng Boo
Chairman

Ms Gan Siok Loon
(Mrs. Lam Siok Loon)

Dr Soon Kong Ann

Mr Robert Chew

NOMINATION AND REMUNERATION COMMITTEE

Ms Gan Siok Loon
(Mrs. Lam Siok Loon)
Chairperson

Mr Robert Chew

Mr Low Kok Hua

Mr Fong Heng Boo

AUDITORS

PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424

Mr Tham Tuck Seng –
Engagement Partner
(Since financial year ended 31 December 2014)

SHARE REGISTRAR

KCK CorpServe Pte Ltd
333 North Bridge Road #08-00
KH KEA Building
Singapore 188721

BANKERS

DBS Bank Limited

Australia and New Zealand Banking Group Limited

Standard Chartered Bank

ING BANK N.V.

REGISTERED OFFICE

28 Quality Road
Singapore 618828
Tel : (65) 6861 2828
Fax : (65) 6266 5516
Email : pgl@pterisglobal.com
Website : www.pterisglobal.com

COMPANY REGISTRATION NUMBER

197900230M

CONTINUING SPONSOR

Canaccord Genuity Singapore Pte. Ltd.
77 Robinson Road
#21-02
Singapore 068896

CORPORATE PROFILE

Pteris Global Limited ("Pteris Global", and together with its subsidiaries, the "Group") is one of the world's largest suppliers of Passenger Boarding Bridges ("PBB"), and a leading global integrated solutions provider of airport facility equipment including logistic systems (Baggage Handling and Materials Handling), and Ground Support Equipment ("GSE"). In addition, Pteris Global also manufactures and supplies Materials Handling Systems and Automated Parking Systems for other commercial sectors.

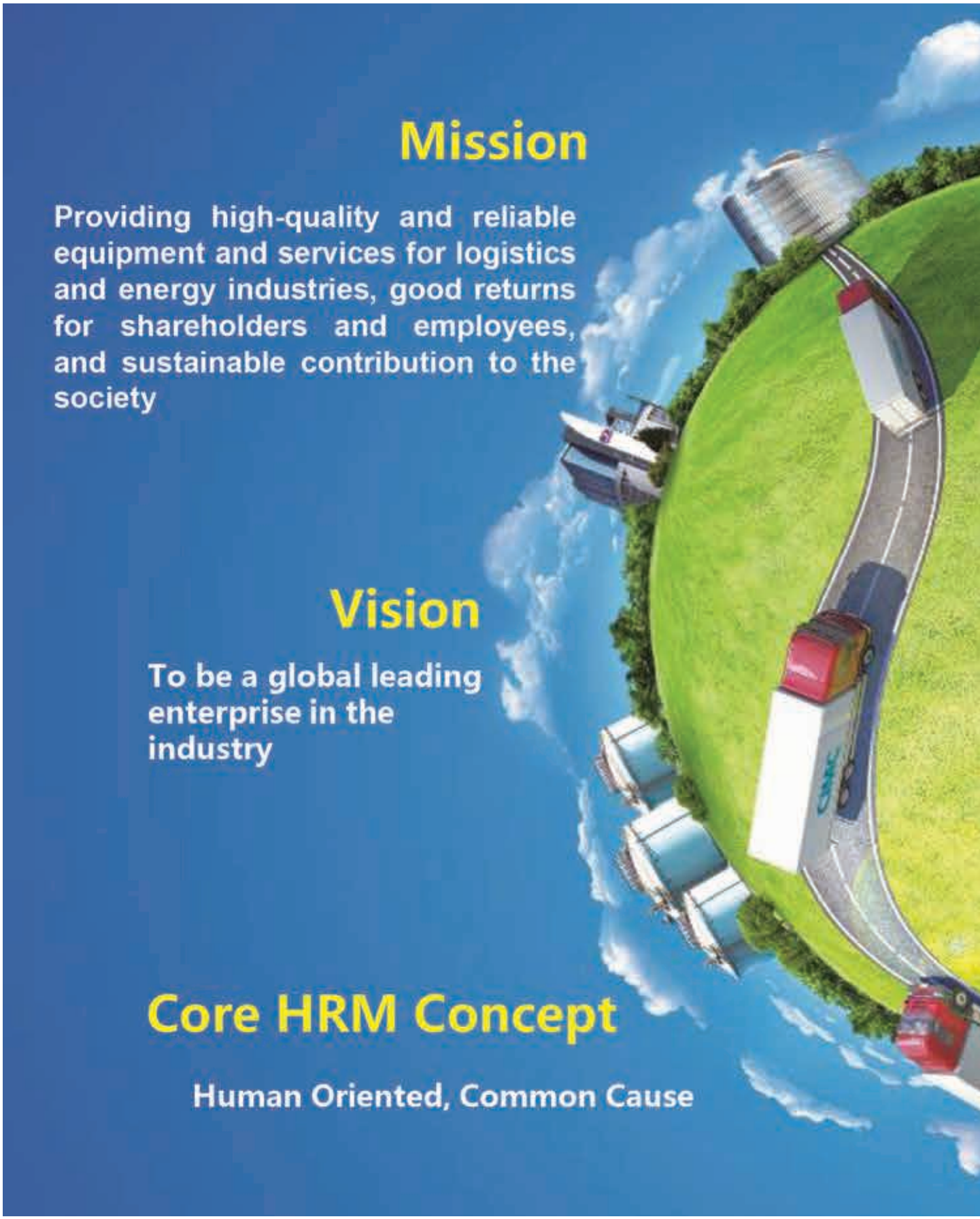
The Group's market reach extends across more than 70 countries spanning six continents.

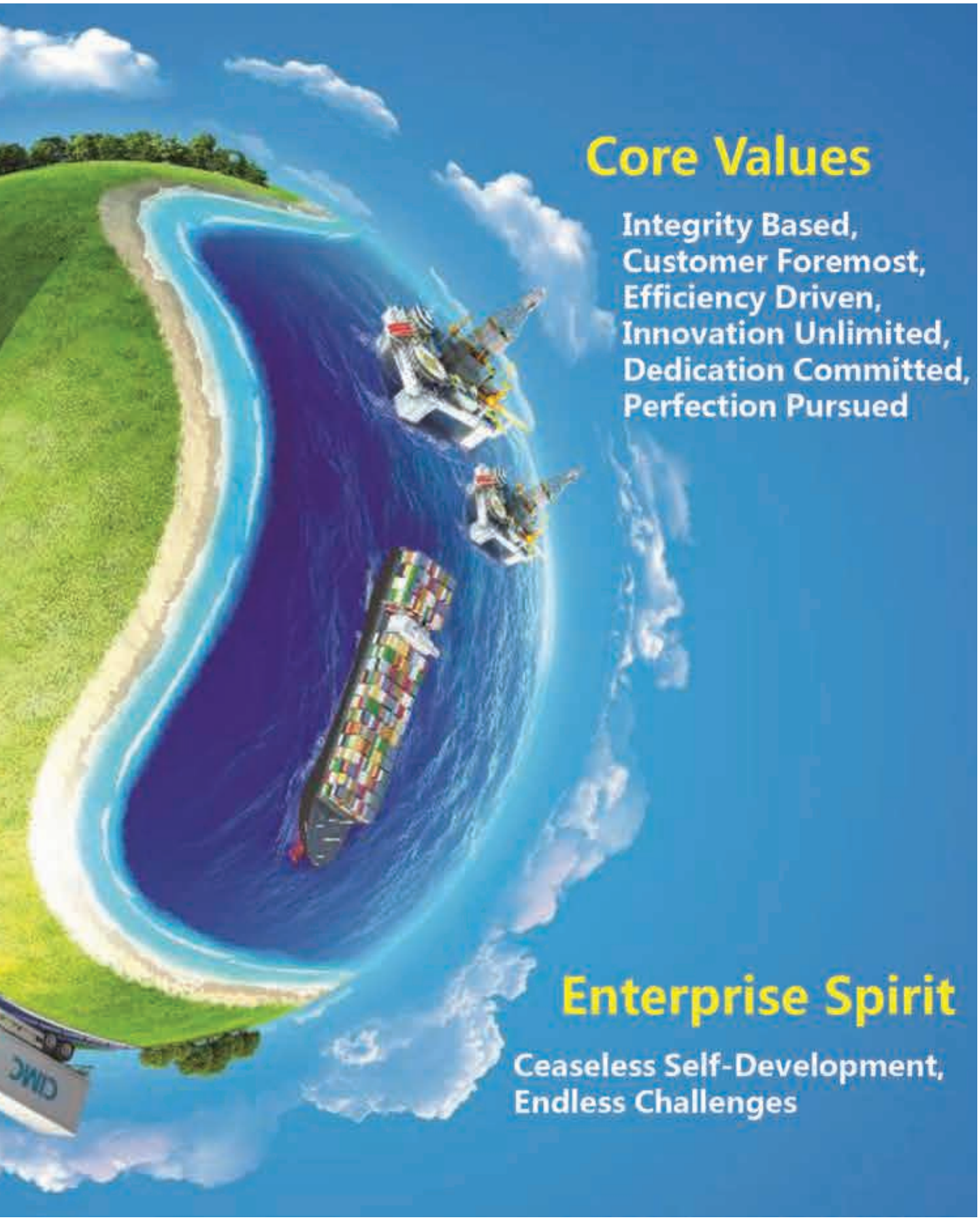
Following the completion of a reverse takeover of Pteris Global by Shenzhen CIMC-TianDa Airport Support Co. Ltd. ("CIMC-TianDa", "深圳中集天达空港设备有限公司") in August 2014, Pteris Global's operations were merged with CIMC-TianDa. The Group is now a subsidiary of China International Marine Containers (Group) Ltd. ("中国国际海运集装箱(集团)股份有限公司") ("CIMC Group").

Listed on the Hong Kong Stock Exchange and Shenzhen Stock Exchange, CIMC Group is a leading global conglomerate in the manufacture and supply of containers, special purpose vehicles and heavy trucks, equipment for the energy, chemicals and liquid food industries and offshore engineering. CIMC Group's other businesses include real estate development and financial leasing.



OUR VISION & MISSION




Core Values
Integrity Based,
Customer Foremost,
Efficiency Driven,
Innovation Unlimited,
Dedication Committed,
Perfection Pursued
Enterprise Spirit
Ceaseless Self-Development,
Endless Challenges

OUR CORE BUSINESSES





1. PASSENGER BOARDING BRIDGES & AUTOMATED PARKING SYSTEMS

Passenger Boarding Bridges

We are one of the world's largest suppliers of Passenger Boarding Bridges ("PBB"). Since our establishment in 1992, our subsidiary Shenzhen CIMC-TianDa Airport Support Co. Ltd. ("CIMC-TD"), has delivered over 3,000 PBBs to airports around the world.

Our PBBs are designed to serve a wide range of aircraft in different environments and provide a flexible solution for airports and airlines. We currently offer six different types of PBB – Fixed Bridge, Commuter, A380, T-type, Nose Loader and Apron Drive. We are also able to provide the interface for ancillary equipment such as 400Hz Transformer, Pre-Conditioned Air, Potable Water System and the Visual Docking Guidance System.

CIMC-TD is also the only manufacturer in the industry capable of producing hydraulic driven, electro-mechanical driven and combined driven PBBs.

In order to ensure the quality and reliability of our products, the latest industrial standards and strict quality control system have been applied to the production process. All products are designed and manufactured to conform to or exceed standards such as ISO9001 Quality Management System Certificate, ISO14001 Environmental Management System Certificate, OHSAS18001 Occupational Health & Safety Management System Certificate, ISO3834 International Institute of Welding Manufacturer Certification Scheme, Conformite Europeenne Certificate of the Compliance, Underwriters Laboratories Listed and Russia GOST Certification.

Automated Parking System

CIMC-TD was among one of the first companies which obtained the qualification for producing automated parking equipment in China. CIMC-TD has also been awarded numerous patents for its technology including the Tire-clamping System which was also granted the Patent Cooperation Treaty in Germany.

With a focus on high-end parking equipment, our products include stacking mechanical parking system, horizontal shifting mechanical parking system, vertical lifting mechanical parking and lift-sliding mechanical parking system.

Passenger Boarding Bridges

Aeroport Paris-Charles-De Gaulle. France

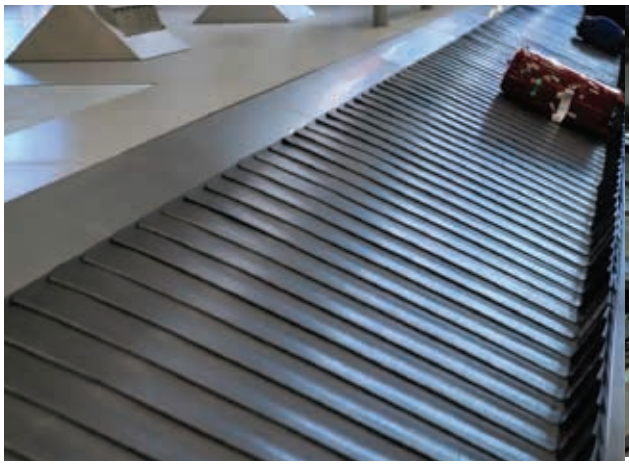


Belgrade Nikola Tesla Airport,
Republic of Serbia



Milan Malpensa Airport, Italy

OUR CORE BUSINESSES





2. LOGISTICS SYSTEM

Our Logistics System comprises a comprehensive suite of products and services that caters to both the airline and non-airline industries. We produce high quality Logistic Automation Equipment and provide consulting, project management and after-sales services. We are able to produce equipment based on technical specifications provided by our clients and offer a complete range of professional equipment and systems on a turnkey basis.

For the airline industries, we provide Baggage Handling and Material Handling Systems which comprise systems for the sorting, handling and transportation of different types of baggage and cargo. We also provide fully-automated Material Handling Systems for In-flight Catering and Air Cargo Handling Systems.

We also provide other Material Handling Systems such as Express Courier Handling Systems to commercial users outside of the airline industries.

Logistics System



Baggage Handling System



Cargo Handling System



Material Handling System

OUR CORE BUSINESSES





3. GROUND SUPPORT EQUIPMENT

Managed by a diverse team of professionals from the aviation and engineering fields, we design and produce a wide variety of innovative and superior quality aircraft Ground Support Equipment ("GSE"). We were commissioned to design and build the first Upper Deck Catering Hi-Lift for the first Airbus A380 aircraft for Singapore Airlines.

Some of our GSE include the Airport Apron Bus, Aircraft Deicer, Container/Pallet Loader and Aircraft Catering Truck.

We are one of the global market leaders in the manufacturing and supply of Airport Apron Buses. Our Airport Apron Buses are manufactured in accordance with the relevant standards of IATA and the Federal Aviation Administration and are widely used by a rapidly increasing list of domestic and international operators. Our Aircraft Deicer can be used to deice the whole or part of an aircraft or even for cleaning and maintenance operations. The Container/Pallet Loader has a lifting capacity of nearly 7,000 kg. The Aircraft Catering Truck is a multi-function vehicle consisting of chassis, hydrautic stalilizers, scissor-lift mechanism, van body with refrigeration system, movable docking platform, hydrautic drive system and electric control system.

Ground Support Equipment



Linzhi Airport, China



Lavatory Truck, Oman



Regular Catering Truck, UAE

GLOBAL NETWORK



Completed projects in

70+

countries spanning six continents

1,800+

Employees globally

GLOBAL NETWORK



CHAIRMAN'S MESSAGE

Dear Shareholders,

2014 was a very significant year for Pteris Global Limited ("Pteris Global"). During the year, Shenzhen CIMC-Tianda Airport Support Co. Ltd. ("CIMC-TianDa") completed the reverse takeover of Pteris Global and the enlarged Group was re-quoted on Catalist of the SGX-ST in August 2014. These milestone developments marked a significant corporate chapter for Pteris Global, and I express my sincere appreciation to all our valued shareholders for their support in enabling the success of this synergistic merger.

The new Pteris Global combines the strength and scale of two established players in the aviation logistics sector, creating meaningful synergies and in the process, potentially enhancing value for all shareholders.

As a subsidiary of China International Marine Containers (Group) Ltd (the "CIMC Group"), a global conglomerate which is listed on both the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, Pteris Global is able to provide a broadened suite of solutions to airports globally, tap into CIMC Group's global supply chain network to access new business opportunities across international markets and capitalise on the financial capabilities of the CIMC Group.

A YEAR OF RENEWED STRENGTH

I am also pleased to share that we have made good progress in integrating the operations of both entities since the completion of the reverse takeover in August 2014.

We have also delivered a credible set of financial results for the financial year ended 31 December 2014 ("FY2014"), which comprised 12 months financial results for CIMC-TianDa and four months contribution from Pteris Global. Comparatively, FY2013 reflects only the financial results of CIMC-TianDa.

In FY2014, the Group's revenue rose 37.7% to S$240.6 million while net profit declined 9.3% to S$13.3 million as compared to FY2013. Excluding losses from Pteris Global resulting from the reverse takeover, the Group would have registered a growth in net profit for FY2014 as compared to FY2013.

The Group's cash and cash equivalents as at 31 December 2014 were S$51.2 million, as compared to S$7.9 million as at 31 December 2013.

A STRONG GLOBAL AVIATION MARKET

The aviation industry remains a bright spot in the global economy underpinned by rising passenger traffic and continuing investments for upgrades to existing airports as well as the development of new aviation infrastructure.

According to the International Air Transport Association (IATA), passenger traffic is expected to reach 7.3 billion by 2034, which translates into an average growth of 4.1% per year in demand for air connectivity up to 2034[1]. Demand for airport logistic solutions is expected to increase in tandem with industry growth. With a credible track record and established foothold in over 70 cities, we are confident that the Group is well-placed to benefit from the expected industry growth.

Our strong market presence and participation in high growth Asia-Pacific markets will also continue to serve as a key business driver for the Group. The booming demand for domestic and international air travel is supporting the construction of new airport infrastructure in the PRC, with the total number of airports in the country projected to increase to 230 by the end of 2015.

To meet the potential uplift in demand for airport facility equipment, the Group had made strategic investments in capacity expansions and facility improvements. This includes the establishment of a new 101,313.32 sq m office and production facility in Bao'an District, Shenzhen City, the PRC, to house the growing Passenger Boarding Bridge ("PBB") operations. Featuring state-of-the-art equipment, the new production premises effectively doubles the Group's production capacity and provides a strong platform to capture new business opportunities. The Group is also in the midst of setting up facilities in Langfang and Kunshan in the PRC for our Ground Support Equipment and Logistic System Businesses, which are slated for completion by 2015 and 2016 respectively.

[1] http://www.iata.org/pressroom/pr/Pages/2014-10-16-01.aspx

ENTERING A NEW PHASE

With strengthened operational capabilities and renewed financial strength brought about by the integration of Pteris Global and CIMC-TianDa, the Group is now even better positioned to pursue our growth ambitions. The synergies derived will enable us to leverage the strengths of both entities to offer integrated airport logistic solutions to the market, and create opportunities for cross-selling and bundling of various services across our business divisions.

Our ability to capture market opportunities is reflected in the Group's growing order book. In 2014, the Group maintained a healthy momentum in business development, with our core PBB division anchoring our growth with two major project wins in the PRC and Hong Kong. Our other business divisions also continue to participate actively in market opportunities globally, further entrenching the Group's leading position as a supplier in the airport facility equipment sector.

Moving forward, in addition to the pursuit of organic growth, we will also prudently look out for opportunities to break into new markets and evaluate new growth opportunities in complementary business segments.

THE JOURNEY AHEAD

With the Group set firmly on the path of growth, I look forward to 2015 as a year of many new and exciting developments. We maintain our commitment to consistent and growing value for our shareholders, and I am certain that our management team and all employees will steer Pteris Global to greater heights.

On behalf of the Board, I would like to thank all our customers, shareholders, suppliers, business associates, as well as the professionals that have worked towards the fruition of the reverse takeover for their continued support during a very busy, challenging but rewarding year. I would also like to express my appreciation to the management team and staff for their dedication and hard work throughout the year.

Dr. Li Yinhui
Non-Executive Chairman

31 March 2015

CEO'S MESSAGE

Dear Shareholders,

Looking back on 2014, I believe this had been the most significant and special year in Pteris Global Limited's ("Pteris Global", and together with its subsidiaries, the "Group") corporate history. While the reverse takeover process met with challenges, I am heartened that the milestone acquisition of 100% equity interest in Shenzhen CIMC-Tianda Airport Support Co. Ltd. ("深圳中集天达空港设备有限公司") ("CIMC-TianDa") (the "Reverse Takeover" or "RTO") was completed in August 2014, with the support of our shareholders.

Following the completion of the RTO in August 2014, Pteris Global's existing operations were merged with CIMC-TianDa to form an enlarged Group. This significantly enhanced the Group's scale of operations, production capabilities and competitiveness. That, together with the support of our controlling shareholder – China International Marine Containers (Group) Ltd ("中国国际海运集装箱(集团)股份有限公司") ("CIMC Group"), enabled Pteris Global to survive the crisis that the Group was facing.

At the same time, the concerted efforts of our Board, management team and employees contributed to a strong performance of the Group during the financial year ended 31 December 2014 ("FY2014"). Shareholders should note that with the RTO, the Group's FY2014 financial results have been prepared and presented as a continuation of CIMC-TianDa. The financial results comprised CIMC-TianDa's financial results from 1 January to 31 December 2014 and Pteris Global's financial results from 1 September to 31 December 2014. Comparatively, FY2013 only reflects the financial results of CIMC-TianDa.

FY2014 FINANCIAL REVIEW

In FY2014, the Group reported a 37.7% increase in revenue to S$240.6 million, up from S$174.8 million in FY2013. This increase in revenue was backed by higher revenue contribution across all business segments in China and internationally and the inclusion of revenue from Pteris Global following the completion of the RTO in August 2014.

The increased level of business activities contributed to a corresponding increase in material costs and subcontract costs in FY2014 to S$151.8 million, accounting for 63.1% of the revenue in FY2014, as compared to S$109.6 million, or 62.7% of the revenue in FY2013.

Staff costs rose to S$37.1 million in FY2014, compared to S$24.2 million in the previous corresponding year. This was mainly attributed to a higher staff headcount in line with the increase in the size of business operations, a general increase in labour costs of the Chinese workforce and the inclusion of Pteris Global's staff cost following the completion of the RTO in August 2014.

The Group's other operating expenses rose 50.1% to S$37.8 million in FY2014, from S$25.2 million in FY2013. The increase was mainly a result of higher freight and demurrage charges which was in tandem with the increase in international business activities undertaken by the Group, relocation and startup costs relating to the relocation of the Passenger Boarding Bridges ("PBB") business to a new office and production facility at Bao'an District in Shenzhen, China, and associated costs incurred by Pteris Global arising from the RTO.

As a result, the Group achieved a net profit of S$13.3 million in FY2014. The Group also maintained a healthy financial position, with cash and cash equivalents of S$51.2 million as at 31 December 2014.

The Group delivered an encouraging performance in FY2014. In particular, CIMC-TianDa's operations maintained double-digit growth in top and bottomline during the year, with its order book growing by an even larger percentage backed by several major contract wins during the year. The existing operations under Pteris Global have also bottomed out, recording higher revenue and significantly reduced losses. This combination has ensured the Group's overall profitability in FY2014. I must also highlight that the decline in the Group's Baggage Handling System ("BHS") business has been halted, while all other business units are seeing healthy growth and strengthening competitiveness.

AUGMENTING OUR LEADERSHIP POSITION

Following the completion of the RTO, the Group's operations have been classified into three business units: PBB and Automated Parking System; Logistics System; and Ground Support Equipment. We are cautiously optimistic about the outlook of the macro-environment in which the Group operates in. We believe that while the global airport industry is expected to sustain growth of around 5% to 6% over the next few years, the demand for logistics and automation will continue to enjoy double digit growth. As such, our growth strategies are focused on the effective management and integration of the operations under each business unit. In particular, we aim to further strengthen and augment the competitiveness of our PBB operations while pursuing stable growth and development for the remaining business units.

Whilst the Group is in an integration stage where part of our operations are still lacking a competitive edge, it is important for us to be patient and continuously work on the refinement and enhancement of our capabilities so as to realise optimum operational synergies for the Group.

Internally, we will seek to enhance efficiencies through optimising management processes as well as the development and implementation of internal responsibilities and performance management systems. Externally, we will continue to stay abreast of industry trends by conducting market and competitive analysis, which will in turn enable us to better understand and respond to our customers on a timely basis. We will also continue to maintain strong business partnerships with our suppliers and maintain healthy competition with our market peers. The Group will also keep a lookout for synergistic mergers and acquisitions opportunities that can complement and further expand our businesses.

The successful integration of CIMC-TianDa and Pteris Global will enable us to benefit from the best of both worlds: enjoying the comparative cost and resource advantage of production while benefiting from the growing market demand in the PRC, as well as leveraging Singapore's strategic position as an international hub to grow our businesses.

Moving forward, as we continue to maintain a positive mind-set and take steady steps towards continuous improvement, the Group will be able to emerge as one of the leading companies in the global airport facility equipment industry.

APPRECIATION

I would like to take this opportunity to thank our Board of Directors for their valuable advice and contributions. At the same time, I must also extend my sincere appreciation to the management and staff of the Group for their support and continued faith in the Group throughout the entire RTO process.

I would like to thank our customers, business partners and shareholders for the confidence and support they have shown to the Group. With your support, I am confident that we can deliver greater growth and value for all stakeholders in the years ahead.

Thank you.

Zheng Zuhua
Group Chief Executive Officer

31 March 2015

BOARD OF DIRECTORS



DR. LI YINHUI

Non-Executive Chairman

Dr. Li Yinhui was appointed Non-Executive Chairman of the Company on 19 August 2014, following the completion of the reverse takeover of the Company. Dr. Li is also the Vice President of China International Marine Containers (Group) Co., Ltd. ("CIMC Group") where he is responsible for overseeing the operations of the CIMC group of companies.

Dr. Li started his career as an officer of All-China Students Federation in 1991 where he was responsible for guidance work to school grassroots. Subsequently, from 1993 to 2004, he accumulated over 11 years of public sector working experience through working in the State Economic and Trade Commission and the Ministry of Commerce. Dr. Li then joined the CIMC Group in 2004 and serves on the Board as either a Chairman or Director of 7 subsidiaries of CIMC Group.

Dr. Li obtained his Bachelor of Arts (History) from Jilin University in 1991, Master of Business Administration from Nanjing University in 1997 and Doctorate in World Economics from Jilin University in 2001.



MR. LOW KOK HUA# PBM

Non-Executive Director
Nomination and Remuneration Committee member

Mr. Low Kok Hua is one of the founding shareholders of the Company and chaired the Board of the then Inter-Roller Engineering Ltd until 1991. He was last re-elected to the Board on 25 April 2014 and is currently the Non-Executive Director of the Company. Mr. Low is also a member of the Nomination and Remuneration Committee.

A well respected entrepreneur in Singapore's business circle, Mr. Low has more than 40 years of experience in the engineering and hardware industry and is currently the Managing Director of Chuan Seng Heng Hardware Co. Pte Ltd. Mr Low also sits on the board of several private companies such as Wine Network Pte Ltd. Mr. Low is also the Permanent Honorary President of the Singapore Metal and Machinery Association and Vice President of the Singapore Hokkien Huay Kuan.

\# *Each of these Directors will not be seeking re-election as a Director of the Company at the 2015 Annual General Meeting.*



MR. YU YUQUN

Non-Executive Director

Mr. Yu Yuqun joined the Board as a Non-Executive Director in September 2012 and was last re-elected to the Board on 24 April 2013.

Mr. Yu is currently the Secretary of the Board for CIMC. He is responsible for investor relations and financing management.

He also serves as the Executive Director of CIMC Enric Holdings Limited and as a Non-Executive Director of TSC Group Holdings Limited, both of which are listed on the Hong Kong Stock Exchange.

Mr. Yu joined CIMC in 1992 and served as its Deputy Manager and Manager of Financial Affairs Department. He was responsible for the securities affairs and fund raising management at CIMC.

Mr. Yu obtained his Bachelor of Economics and Master of Economics from the Peking University in 1987 and 1992 respectively.



DR. SOON KONG ANN

Independent Director
Audit & Risk Committee member

Dr. Soon Kong Ann joined the Board as an Independent Director in 2008 and was last re-elected to the Board as a Non-Executive Director on 25 April 2014. He is a member of the Audit & Risk Committee since January 2009.

Dr. Soon is a Director of Leong Huat Hardware Group of Companies since 1987 and is currently the Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry. He is also the Permanent Honorary President of the Singapore Metal and Machinery Association, Vice Chairman of Board of Directors and Board of Governors in Hwa Chong Institution, Vice Chairman of Mee Toh School Management Committee and Mee Toh School Ltd, and Chairman of the Building Committee of Kong Meng San Phor Kark See Monastery.

Dr. Soon graduated from McGill University in Canada with a Bachelor Degree in Civil Engineering in 1980. He went on to obtain a Master Degree in Civil Engineering and a Doctorate Degree in the field of Structural Engineering from Massachusetts Institute of Technology (MIT), Boston USA, in 1982 and 1987 respectively.

BOARD OF DIRECTORS



MS. GAN SIOK LOON[#]
(MRS. LAM SIOK LOON)

Chairperson of Nomination and Remuneration Committee
Audit & Risk Committee member

Ms. Gan joined the Board in August 2010 and was last re-elected to the Board on 24 April 2013. She is a member of the Audit & Risk Committee and the Chairperson of Nomination and Remuneration Committee.

Ms. Gan had a career in Banking, with DBS Bank between 1976 and 2004 and with Merrill Lynch International Bank (Merchant Bank) from 2004 to 2007. At DBS Bank, she held senior roles and her last appointment was Managing Director, POSB.

Between June 2004 and January 2008, Ms. Gan was a Managing Director at Merrill Lynch International Bank (Merchant Bank) in the Business Management (Asia Pacific Region) unit.

Ms. Gan obtained her Bachelor of Arts (Economics & Statistics) from the University of Singapore in 1976.



MR. FONG HENG BOO[#]

Lead Independent Director
Chairman of Audit & Risk Committee
Nomination and Remuneration Committee member

Mr. Fong Heng Boo joined the Board as an Independent Director in March 2012 and was last elected to the Board on 25 April 2014. He is the Chairman of the Audit & Risk Committee.

Mr. Fong has held senior positions at the Singapore Totalisator Board, Singapore Auditor-General's Office and in listed companies in Singapore and Australia. Mr. Fong has over 36 years of working experience in auditing, finance, business development and corporate governance.

Mr. Fong is also currently an Independent Director of three other listed companies in Singapore: Colex Holdings Limited, CapitaRetail China Trust Management Limited and Sapphire Corporation Ltd.

Mr Fong's other professional experiences includes membership of Audit Committees of Statutory Boards and Advisory Committees of the School of Accountancy at Nanyang Technological University and Ngee Ann Polytechnic in Singapore.

Mr. Fong graduated from the former University of Singapore with an Honors Degree in Accountancy.

Each of these Directors will not be seeking re-election as a Director of the Company at the 2015 Annual General Meeting.

Each of these Directors will not be seeking re-election as a Director of the Company at the 2015 Annual General Meeting.



MR. ROBERT CHEW#

Independent Director
Audit & Risk Committee member
Nomination and Remuneration Committee member

Mr. Robert Chew joined the Board as an Independent Director in March 2012 and was last elected to the Board on 25 April 2014. He is a member of the Audit & Risk Committee and the Nomination and Remuneration Committee.

Mr. Chew is a former partner of Accenture where he focused on strategy work for clients in the telecoms, media and tech sector. He is a member of the Information Technology Standards Committee and Singapore Standards Council. Mr. Chew is currently a Director of several private companies including Anacle, Alexandra Health System Pte. Ltd. and Integrated Health Information Systems Pte Ltd and Non-Profit organisations including Kwong Wai Shiu Hospital, TOUCH Community Services and the National Council of Social Service.

Mr. Chew holds a Master of Science in Computer Science from the University of Auckland and Honours Degree in Accountancy from National University of Singapore.



MR. ZHENG ZUHUA

Executive Director
Group Chief Executive Officer

Mr. Zheng Zuhua was appointed as an Executive Director and Group Chief Executive Officer of the Company on 12 November 2013 and was re-elected on 25 April 2014.

Prior to joining the Company, Mr. Zheng accumulated over two decades of experience in the aviation industry. From 1983 to 1985, he was the assistant engineer with Wuhan Second Cooling Factory, where he was managing its operations. From 1987 to 1988, he was an engineer with Wuchang Railway Stocks Factory, where he was responsible for supervising the design and manufacturing the refrigeration of rolling stocks. Thereafter, Mr. Zheng was an engineer in Engineering Department of CIMC until 1992.

Subsequently in 1992, Mr. Zheng joined Shenzhen CIMC-Tianda Airport Support Ltd ("CIMC-Tianda") as a Manager, rising to the position of General Manager and Executive Director of CIMC-Tianda in 2000, a position he held until 2013. He was instrumental in CIMC-Tianda's rise to one of the world's top airport support companies.

Mr. Zheng graduated from Huazhong University of Science and Technology in 1983 with a Bachelor of Engineering, obtained his Master of Mechanical Engineering from Southwest Jiaotong University in 1987 and a Master of Business Administration from Peking University, Guanghua School of Management in 2002. Mr. Zheng is also a member of Singapore Institute of Directors.

Each of these Directors will not be seeking re-election as a Director of the Company at the 2015 Annual General Meeting.

BOARD OF DIRECTORS



MS. ZENG BEIHUA
Non-Executive Director

Ms. Zeng Beihua joined the Board as a Non-Executive Director on 2 April 2015.

Ms. Zeng brings with her more than 20 years' experience in the debt and equity capital markets, and also in treasury operations. Ms. Zeng joined CIMC Group in 1989 and is presently the General Manager at CIMC Group's Treasury Division; Director of the Office of CIMC Group's Qianhai Project; Executive Director of CIMC Finance Company Ltd. and CIMC Capital Ltd.

A veteran in the finance industry, Ms. Zeng was involved in the listing of the CIMC Group's "A" and "B" shares. She also spearheaded the completion of many fund-raising projects and corporate activities, including corporate restructurings, mergers & acquisitions.

Ms. Zeng graduated from Wuhan University in 1983 with a degree in accounting and obtained a Master degree in accounting from Shanghai University of Finance and Economics in 1997. In 2002, Ms. Zeng completed the MBA program at China Europe International Business School.

SENIOR MANAGEMENT – GROUP



MR. ZHENG ZUHUA

Executive Director
Group Chief Executive Officer

Mr. Zheng Zuhua was appointed as an Executive Director and Group Chief Executive Officer of the Company on 12 November 2013 and was re-elected on 25 April 2014.

Prior to joining the Company, Mr. Zheng accumulated over two decades of experience in the aviation industry. From 1983 to 1985, he was the assistant engineer with Wuhan Second Cooling Factory, where he was managing its operations. From 1987 to 1988, he was an engineer with Wuchang Railway Stocks Factory, where he was responsible for supervising the design and manufacturing the refrigeration of rolling stocks. Thereafter, Mr. Zheng was an engineer in Engineering Department of CIMC until 1992.

Subsequently in 1992, Mr. Zheng joined Shenzhen CIMC-Tianda Airport Support Ltd ("CIMC-Tianda") as a Manager, rising to the position of General Manager and Executive Director of CIMC-Tianda in 2000, a position he held until 2013. He was instrumental in CIMC-Tianda's rise to one of the world's top airport support companies.

Mr. Zheng graduated from Huazhong University of Science and Technology in 1983 with a Bachelor of Engineering, obtained his Master of Mechanical Engineering from Southwest Jiaotong University in 1987 and a Master of Business Administration from Peking University, Guanghua School of Management in 2002. Mr. Zheng is also a member of Singapore Institute of Directors.



MR. VINCE ZHUO YANJIANG

Group Chief Financial Officer

Mr. Vince Zhuo Yanjiang is the Chief Financial Officer of the Group and has been with the Company since April 2012. He is responsible for the Group's financial and management accounting, treasury, taxation and other corporate compliance matters.

Mr. Zhuo has more than 19 years of experience in finance and accounting, taxation, treasury and corporate finance gained from various industries. He started his career as an auditor and has worked in various multinational corporations and public listed companies in Singapore. Prior to joining the Company, Mr. Zhuo was Financial Controller of a SGX Mainboard-listed company.

Mr. Zhuo holds a Bachelor of Economics (Accountancy) from Monash University, Australia and is a Certified Public Accountant (CPA) with the Australian Society of CPAs. He is also a member of Singapore Institute of Directors.

SENIOR MANAGEMENT – GROUP



MR. LUAN YOUJUN

Deputy General Manager of CIMC-Tianda
General Manager of Marketing and Sales of CIMC-Tianda
General Manager of Xinfa Airport Equipment Ltd

Mr. Luan Youjun is the Deputy General Manager of CIMC-Tianda and the General Manager of Marketing and Sales of CIMC-Tianda, where he manages its marketing, sales and after-sales service. He is also currently the General Manager of Xinfa Airport Equipment Ltd and Deputy President of Albert Ziegler GmbH. He started his career in CIMC-Tianda in 1993 and has been contributing to CIMC-Tianda in various roles and responsibilities till the present.

Mr. Luan received his Bachelor of Engineering and Master of Engineering from Dalian University of Technology in 1986 and 1989 respectively. He obtained his Executive Master of Business Administration from Tsinghua University in 2006.



MR. CHANG SHAOMIN

General Manager of CIMC-Tianda
Chief Operations Officer of CIMC-Tianda

Mr. Chang Shaomin is the General Manager cum General Manager of Operations of CIMC-Tianda, where he is responsible for its general management and performance indicators. From 1985 to 1995, he was an engineer in various companies, including Hongqi Ship Parts Factory in Ministry of Transport and Baolong Automatic Machinery (Shenzhen) Limited. Subsequently, from 1995 to the present, he has accumulated over 18 years of managerial experience working in several companies including CIMC-Tianda and CIMC-Shac (Xi'An) Special Vehicles Co., Ltd.

Mr. Chang received his Bachelor of Engineering (Mechanical Manufacturing and Automation) from the Inner Mongolia University of Technology in 1985. He also obtained his Engineering Certification from the State Bureau of Building Materials Industry on 3 November 1992. In 2006, Mr. Chang received his Executive Master of Business Administration from Tsinghua University.

SENIOR MANAGEMENT – GROUP



MR. ZHU WENYUAN

Deputy General Manager of CIMC-Tianda
Chief Financial Officer of the CIMC-Tianda Group
General Manager (Special Projects) of CIMC-Tianda

Mr. Zhu Wenyuan is the Deputy General Manager and General Manager (Special Projects) of CIMC-Tianda, as well as the Chief Financial Officer of the CIMC-Tianda Group (being CIMC-Tianda and its subsidiaries). Mr. Zhu is responsible for the management of the financial affairs of CIMC-Tianda Group. He has close to 30 years of finance experience since starting his career in 1984. From 1984 to 1988, he was the Finance Director of one engineering department in the Ministry of Railways. Since 1988, Mr. Zhu served as the Deputy Finance Director in one listed company in Shenzhen. After joining CIMC-Tianda in 1994, he took on various roles such as Head of Finance, Deputy Manager (Finance) and Manager (Finance) in CIMC-Tianda.

Mr. Zhu obtained his Bachelor of Accountancy from Jinan University in 1995 and Executive Master of Business Administration from Tsinghua University in 2005. He also received the Accountant Certificate in 2000.



MR. YAN FUCHENG

Executive Vice President of Pteris Global Limited
Deputy General Manager of CIMC-Tianda
General Manager of CIMC-Tianda Logistics

Mr. Yan Fucheng is the Executive Vice President of Pteris Global. He is also the Deputy General Manager of CIMC-Tianda and General Manager of CIMC-Tianda Logistics. He has accumulated over 10 years of experience in managerial roles since starting out his career in 2003, through working in various companies such as CIMC Vehicles Group Co., Ltd and CIMC-Tianda.

Mr. Yan Fucheng received his Bachelor of Engineering from Tsinghua University in 2003. He then obtained his Master of Business Administration from Shanghai Jiaotong University in 2010 and from Indiana University in 2011.

KEY CORPORATE EVENTS

2014

January	• Announcement of the Proposed Acquisition of 100% of the equity interests in Shenzhen CIMC-Tianda Airport Support Ltd (the "**Proposed Acquisition**")
February	• Announcement on Board and senior management changes
March	• Update made on the Proposed Acquisition
April	• Emphasis of matter by the independent auditors on the Group's FY2013 financial statements • Obtained waiver for breach of bank covenants in relation to loans from the Group's bankers • Extraordinary General Meeting held on 25 April 2014 • Appointment of Mr. Low Kok Hua to the Nomination & Remuneration Committee • Updates made on the Proposed Acquisition
June	• Despatch of circular to shareholders in relation to inter alia, the Proposed Acquisition
July	• Dialogue with shareholders on the Proposed Acquisition and the related transactions • All relevant resolutions were passed during the Extraordinary General Meeting held on 23 July 2014 • Receipt of the listing and quotation notice for the new shares to be issued by the Company pursuant to the Proposed Acquisition
August	• Receipt of PRC approvals and registrations in relation to the Proposed Acquisition • Completion of share consolidation and the Proposed Acquisition • Change Of Directors, reconstitution of Board Committees and appointment of Executive Officers • Update on the completion of the Proposed Acquisition
September	• Award of RMB227 million contract to CIMC-Tianda Airport Support Co. Ltd.
November	• Extension of final repayment date to the Group's bankers

Pteris Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") believes in maintaining high standards of corporate governance, which are essential to protect the interest of the Company, staff and shareholders. It is committed to ensure that effective corporate practices, supported by a sound system of policies and internal controls, exist to support this belief.

This report details the Company's main corporate governance practices with references to the principles as set out in the Code of Corporate Governance 2012 (the "**Code**"). The Board of Directors (the "**Board**" or "**Directors**") of the Company confirms that, for the financial year ended 31 December 2014 ("**FY2014**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

As at the date of this report, the status, roles and responsibilities of each Director on the Board are set out in the table below.

Name of Directors	Date of First Appointment	Board Membership	Audit & Risk Committee	Nomination and Remuneration Committee	Information Technology Committee
Li Yinhui	19 Aug 2014	Non-Executive Chairman	–	–	–
Low Kok Hua	11 Mar 1979	Non-Executive Director	–	Member	Member
Soon Kong Ann	20 Jul 2008	Independent Director	Member	–	–
Gan Siok Loon	11 Aug 2010	Independent Director	Member	Chairperson	–
Fong Heng Boo	5 Mar 2012	Lead Independent Director	Chairman	Member	–
Robert Chew	5 Mar 2012	Independent Director	Member	Member	Chairman
Yu Yuqun	24 Sep 2012	Non-Executive Director	–	–	–
Zheng Zuhua	12 Nov 2013	Executive Director and Chief Executive Officer	–	–	–
Zeng Beihua	2 April 2015	Non-Executive Director	–	–	–

In compliance with guideline 12.1 of the Code, the Audit & Risk Committee comprises four directors, all of whom are independent directors.

In compliance with guideline 4.1 of the Code, the Nomination and Remuneration Committee comprises four directors, three of whom, inclusive of the chairman of the committee, are independent directors. One of them is a non-executive director.

(A) BOARD MATTERS

Board's Conduct of Its Affairs

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

The key roles of the Board are as follows:

- guide the corporate strategy and direction of the Group;
- ensure effective management and leadership of the highest quality and integrity;

- review and approve the Group's major investments, divestments and funding proposals;
- review the Group's financial performance, risk management and other corporate governance practices;
- provide oversight in the proper conduct of the Group's business;
- identifying the key stakeholder groups of the Company; and
- considering any sustainability issues.

The Group has in place financial authority and approval matrix for investments, divestments, loans and lines of credit, which requires the involvement of the Board, where appropriate.

While matters relating to the Group's objectives, strategies and policies require the Board's direction and approval, the management of the Group ("**Management**") is responsible for the day-to-day operation and administration of the Group in accordance with the objectives, strategies and policies set by the Board.

Certain matters and transactions are reserved specifically for Board's approval. Such matters include without limitation, the following:

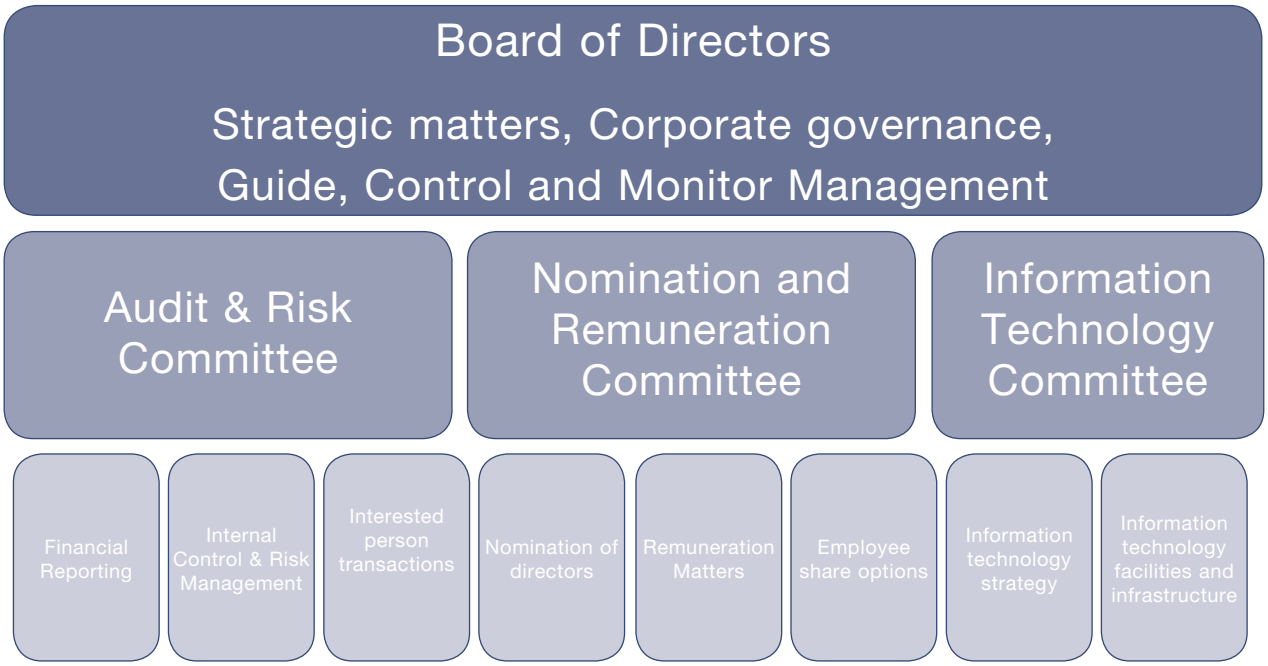
- tenders, capital expenditure and treasury transactions exceeding the prescribed limits;
- investments in subsidiaries, associate companies and non-quoted companies;
- long term financing including but not limited to borrowings from financial institutions and issuance of bonds; and
- share issuances, dividends and other returns to shareholders.

The Board will consider adopting a formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision.

Directors are given relevant briefings when they are first appointed to the Board. Orientation programs including site visits to the Group's facilities are conducted to familiarise new Directors with the Group's business and corporate governance practices.

Newly appointed Board members who do not have previous experience as a Director in a listed company in Singapore will equip themselves through courses conducted by the Singapore Institute of Directors ("**SID**"). As and when amendments are made to the Securities and Futures Act, Catalist Rules, Companies Act or other relevant legislation, the Board is briefed on such amendments. During the financial year reported on, all Directors are updated on the Group's corporate and business strategies, significant product developments, accounting, and regulatory changes. The Nomination and Remuneration Committee ("**NRC**") will identify courses which may be relevant for each Director, based on his/her membership in the various Board committees and encourages Directors to attend such courses. The Company assists in arranging and funding Directors' participation in such courses.

To assist in the execution of its responsibilities, the Board has established three Board committees ("**Board Committees**"), namely the NRC, the Audit & Risk Committee ("**ARC**") and the Information Technology Committee ("**ITC**"). Ad-hoc Board Committees may also be established from time to time where the need arises. Each Board Committee is empowered to make decisions on matters within its own defined terms of reference and operating procedures. The matters which are delegated for the consideration of the respective Board Committees are depicted in the diagram below. Matters which are delegated to Board Committees are reported to and monitored by the Board and the terms and effectiveness of each Board Committee is also reviewed by the Board on a regular basis. Minutes of meeting of the Board Committees are circulated to the respective Board Committees for their review and approval.



The Board meets regularly to deliberate strategies and policies of the Group, including significant acquisitions and disposals, the annual forecasts, business performance and approval for the release of quarterly, half-yearly and full-year financial results announcements.

Ad-hoc meetings are held at such times, as and when required, to address any specific significant matters which may arise. Board members are also encouraged to participate in management retreats held with senior executives of the Group. The Articles of Association of the Company provide for Directors to participate at a meeting, by teleconferencing.

In FY2014, the Board met fourteen times. The high frequency of Board meetings in the year was mainly due to the reverse take-over of the Company by Shenzhen CIMC-Tianda Airport Support Ltd ("**RTO**") which was completed in August 2014. The ARC and NRC met four times and three times respectively. The ITC, which was established in 2012, did not meet formally during the year as implementation of the information technology policies and strategies of the Group were put on hold as a result of the RTO. The attendance of every member at Board meetings and Board Committee meetings held during each member's period of appointment is set out as follows:

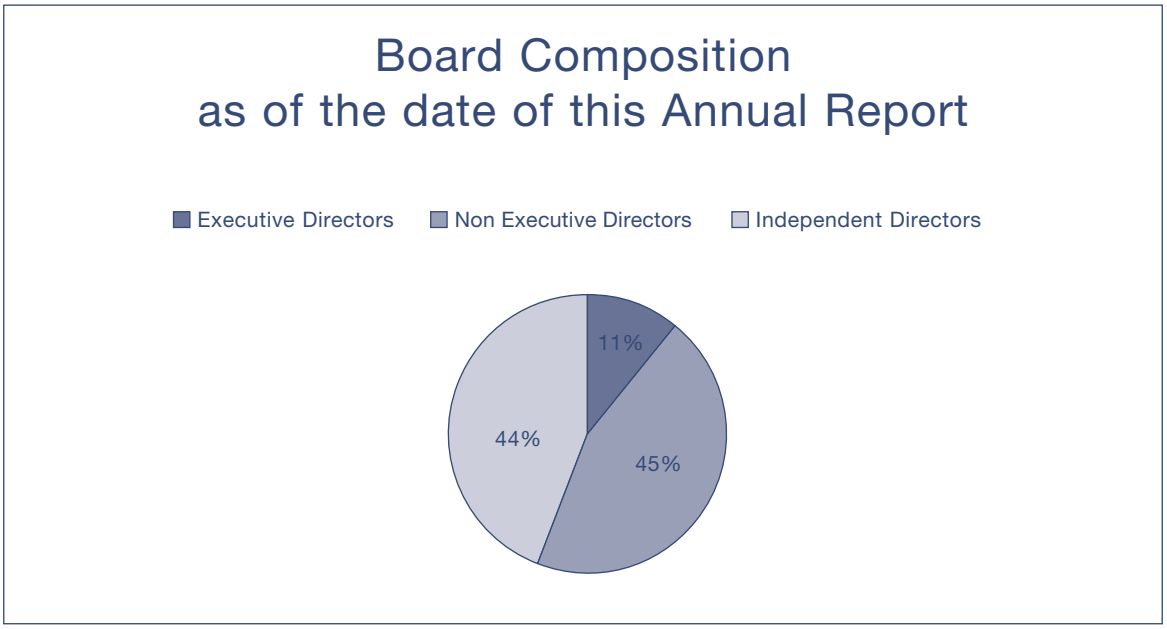
Name of Director	Board Meeting Attendance		ARC Meeting Attendance		NRC Meeting Attendance	
	(M)	(A)	(M)	(A)	(M)	(A)
Li Yinhui (appointed on 19 August 2014)	1	1	–	–	–	–
Low Kok Hua	14	10	–	–	1	1
Soon Kong Ann	14	14	4	4	–	–
Gan Siok Loon	14	13	4	4	3	3
Fong Heng Boo	14	13	4	4	–	–
Robert Chew	14	11	4	4	3	2
Yu Yuqun	14	9	–	–	–	–
Zheng Zuhua	14	11	–	–	–	–
Zeng Beihua (appointed on 2 April 2015)	0	0	–	–	–	–

Name of Director	Board Meeting Attendance		ARC Meeting Attendance		NRC Meeting Attendance	
	(M)	(A)	(M)	(A)	(M)	(A)
Lim Joo Boon (stepped down on 19 August 2014)	13	13	–	–	–	–
Tan Tien Hin Winston (stepped down on 22 April 2014)	7	3	–	–	2	2
Oon Chong Howe (stepped down on 31 March 2014)	6	6	–	–	–	–
Column (M) denotes the number of meetings held during the term of the director's appointment on the Board or Board Committee Column (A) denotes the number of meetings attended						

Board Composition and Guidance

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and shareholders who has an interest in not less than 10% of the total votes attached to all the voting shares in the Company ("**10% Shareholders**"). No individual or small group of individuals should be allowed to dominate the Board's decision-making.*

The Board comprised a mix of independent Directors, non-executive Directors and executive Directors. As at the date of this report, the Board comprises nine members, four of whom are Independent Directors, four are Non-Executive Directors and one is an Executive Director. At all times during the financial year reported on, at least one third of the Board members were independent Directors, meeting the requirement that at least one third of directors should be independent directors.



The Board comprises Directors who as a group provide core competencies such as accounting and finance, as well as business and management experience. This enables the Management to benefit from a diverse and objective external perspective on issues raised before the Board. The current size of the Board is adequate and effective, taking into account the nature and scope of the Company's operations. The Independent Directors participate actively in Board meetings. Where necessary, the Independent Directors meet and discuss on the Group's affairs without the presence of the Management.

The NRC recommends all appointments and retirements of Directors. The independence of each Director is also reviewed annually by the NRC, based on the definition of independence as stated in the Code. Each Independent Director is required to complete a Director's Independence Declaration annually to confirm his or her independence, based on the guidelines set out in the Code.

For FY2014, the NRC has reviewed and determined that Dr. Soon Kong Ann, Ms. Gan Siok Loon, Mr. Fong Heng Boo and Mr. Robert Chew are independent. None of the Independent Directors have served on the Board beyond nine years from the date of his or her first appointment.

Dr. Soon Kong Ann, Ms. Gan Siok Loon, Mr. Fong Heng Boo and Mr. Robert Chew have confirmed that they do not have any relationship with the Company, its related companies, shareholder who holds more than 10% of the Company's total voting shares or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

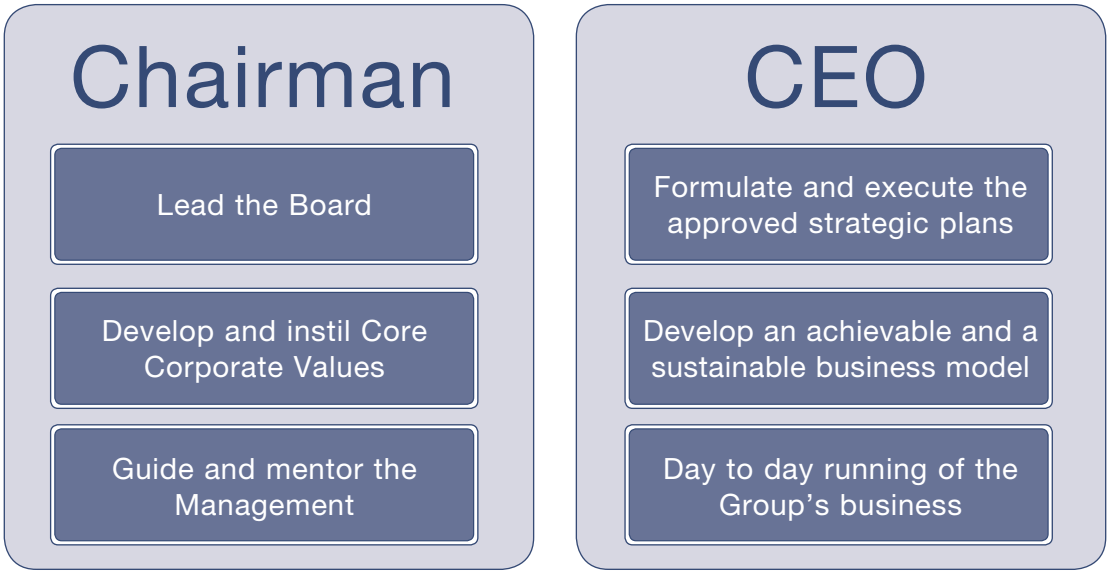
Chairman and Chief Executive Officer

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

The Chairman, Mr. Li Yinhui, and the Chief Executive Officer ("**CEO**"), Mr. Zheng Zuhua are not related to each other. They each assume different roles and responsibilities. None of the Directors and key management staff are related to each other.

The Chairman leads the Board and is responsible for the management of the Board. He is free to act independently in the best interests of the Company and its shareholders. The Chairman develops and instills core corporate values into the Group. He also provides guidance and mentorship to the Management.

The CEO carries out the strategic plan agreed by the Board. He is also responsible for the day-to-day running of the Group's business. In addition, he is responsible for the development of an achievable and a sustainable business model for the Group.



The Chairman is responsible for the proper functioning of the Board and he ensures that Board meetings are held when necessary. He sets the Board meeting agenda with inputs from the CEO and reviews the Board papers before they are presented to the Board. He will also ensure that sufficient information is disseminated in a timely manner to the members of the Board to enable them to carry out their duties.

Board Membership

Principle 4: *There should be a formal and transparent process for the appointment and reappointment of Directors to the Board.*

The NRC comprises the following four members, three of whom are Independent Directors. The NRC Chairperson is not associated in any way with any substantial shareholder of the Company.

Gan Siok Loon (Chairperson)
Low Kok Hua
Fong Heng Boo
Robert Chew

The NRC has adopted written terms of reference defining its membership, administration and duties. The principal functions of the NRC are, *inter alia*, as follows:

(a) making recommendations to the Board on the appointments and re-appointments of directors (including alternate directors) to the Board, the CEO or any other person who holds a similar position to the CEO by any name;

(b) determining orientation programs for new directors, review the training and professional development programs for the Board and recommend opportunities for the continuing training of the directors;

(c) making recommendations to the Board on the re-nomination of retiring directors standing for re-election at the Company's annual general meeting, having regard to the directors' contribution and performance (e.g. attendance, preparedness, participation and candour);

(d) giving full consideration to succession planning for directors, the CEO and the Chairman in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

(e) ensuring that all directors submit themselves for re-nomination and re-election at regular intervals and at least every three years;

(f) determining annually, and as and when circumstances require, whether or not a director is independent;

(g) reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise and make recommendations to the Board with regard to any changes;

(h) reviewing the appointment of immediate family members (spouse, child, adopted child, step-child, sibling and parent) of any of the Company's directors or substantial shareholders to managerial positions in the Group;

(i) determining whether a director who has multiple Board representations is able to and has been adequately carrying out his duties as director of the Company;

(j) developing a process of evaluation of the performance of the Board;

(k) making recommendations to the Board on the framework of remuneration for the directors and key executives of the Group;

(l) making recommendations to the Board on specific remuneration packages for each executive director and CEO (or executive of equivalent rank) of the Company;

(m) reviewing all benefits and long-term incentive schemes (including share schemes) and compensation packages for the directors and key executives of the Group;

(n) reviewing service contracts for the directors of the Company and key executives of the Group;

(o) administering the employees' share option scheme adopted by the Company;

(p) reviewing the Group's policy in allowing executive directors and key executives to accept appointments and retain payments from sources outside the Group; and

(q) review remuneration packages of Group employees who are immediate family members (spouse, child, adopted child, step-child, sibling and parent) of any of the directors or substantial shareholders of the Company.

The NRC is responsible for identifying and selecting new Directors with due consideration of the candidate's background, experience and knowledge in technology, business, finance and management skills, qualification, past and other directorships, shareholdings and independence. New Directors are appointed by way of a Board resolution, after the NRC makes the necessary recommendation to the Board.

The Board renewal process remains as an important responsibility of the Board. As such, the Board is constantly on the lookout for committed and talented individuals to contribute to the Company. In FY2014, the NRC recommended one new director to the Board. The Board had accepted the NRC's recommendation. Dr. Li Yinhui joined the Board in August 2014 upon the completion of the RTO. Further information on Dr. Li Yinhui is set out in the "Board of Directors" section of this Annual Report.

All Directors are required to declare their board representations. The NRC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and have other principal commitments. However, the Board, with the concurrence of the NRC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director and the NRC will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company. The NRC monitors and determines annually whether Directors who have multiple board representations and other principal commitments had given sufficient time and attention to the affairs of the Company and had adequately carried out his or her duties as a director of the Company. The NRC takes into account the results of the assessment of the effectiveness of the individual Director and his or her actual conduct on the Board, in making this determination. The NRC is satisfied that in FY2014, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out, and had been adequately carrying out, his duties as a Director of the Company.

The Articles of Association of the Company require one-third of our Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("**AGM**"). This means that no Director stays in office for more than three years without being re-elected by shareholders. The retirement of Directors is determined on a rotational basis, provided always that every director shall retire from office at least once every three years and shall be eligible to offer themselves for re-election. The Director shall abstain from voting on any resolution in respect of his re-nomination as a Director.

In addition, any person so appointed by the Directors to be director shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Table below shows the dates of re-election of the Directors (who are still in office as at the date of this report) during the last 3 years.

Name of Directors	AGM 2012 25 Apr 2012	AGM 2013 24 April 2013	AGM 2014 25 April 2014	AGM 2015 28 April 2015
Li Yinhui	–	–	–	–
Low Kok Hua	√	√	√	√
Soon Kong Ann	√	–	√	–
Gan Siok Loon	–	√	–	√
Fong Heng Boo	√	–	√	√
Robert Chew	√	–	√	√
Yu Yuqun	–	√	–	√
Zheng Zuhua	–	–	√	–
Zeng Beihua	–	–	–	√

At the forthcoming AGM to be held in April 2015, Ms. Gan Siok Loon, Mr. Yu Yuqun, Mr. Fong Heng Boo, Mr. Robert Chew and Ms. Zeng Beihua will be due for retirement and re-election. Mr. Robert Chew, Mr. Fong Heng Boo and Ms. Gan Siok Loon will not be seeking re-election at the forthcoming AGM.

As Mr. Low Kok Hua is over 70 years of age, he will be due for retirement and re-appointment under Section 153(6) of the Companies Act. Mr. Low Kok Hua will not be seeking re-appointment at the forthcoming AGM.

Subsequent to the forthcoming AGM, the Board shall appoint such number of independent directors so as to ensure compliance with the guidelines set out in the Code.

Board Performance

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

Each Board member has equal responsibility to oversee the business and affairs of the Group. The Board's performance is ultimately reflected in the performance of the Group. The Board ensures compliance with applicable laws and Board members should act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. The measure of Board's performance is also tested through its ability to lend support to Management at all times and to steer the Group in the right direction.

Informal reviews of the Board's performance are undertaken on a continuous basis by the NRC with inputs from the other Board members, the Chairman and CEO. The results are reviewed by the NRC and discussed with the Board members for determining areas of improvement to assist the Board in discharging its duties more effectively. The NRC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, it is of the view that the performance of the Board as a whole has been satisfactory. Renewals or replacement of Board members do not necessarily reflect their contributions to-date but may be driven by the need to position and re-shape the Board in line with the medium-term needs of the Group.

The financial indicators set out in the Code as guides for the evaluation of Directors, are in the Group's opinion, more of a measure of the Management's performance and hence, are less applicable to Directors. Such financial indicators provide a snapshot of a Group's previous years' performance and do not fully measure the sustainable long-term wealth and value creation of the Group. The NRC will, at the relevant time, look into adopting guidelines for annual assessment of the contribution of each individual Director to the effectiveness of the Board and also the assessment of Board Committees.

Access to Information

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

The Board and the Board Committees are furnished with adequate and accurate information prior to any meeting so as to facilitate the Directors in the proper and effective discharge of their duties. Board papers are prepared for each meeting of the Board and Board Committees, and are circulated in advance of each meeting. The Board and Board Committees papers include sufficient information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at the respective meetings.

Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means, which include emails and teleconferencing. Alternatively, the Management will arrange to personally meet and brief each Director before seeking the Board's approval on a particular issue.

The Board has separate and independent access to the Management and the Company Secretary, as well as to all Board and Board Committee minutes, resolutions and information papers. The members of the Board seek independent professional advice at the Company's expense as and when necessary to enable them to discharge their responsibilities effectively.

The Company Secretary or a representative from the Company Secretary's office will attend all meetings of the Board and Board Committees when necessary, and is responsible for the proper maintenance of the records of Board and Board Committee meetings and records of discussions on key deliberations and decisions taken. The Company Secretary renders necessary assistance to the Board and Board Committees, and ensures meeting procedures are followed and the applicable laws and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The NRC reviews and recommends to the Board for approval the fees and remuneration of all Directors (including the CEO and Executive Director) and key executives. The review covers all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind. No Director is involved in deciding his own remuneration and each member of the NRC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NRC in respect to his or her remuneration package.

The NRC also reviews all aspects of remuneration, including the annual bonus, annual increments on a collective basis of the Management and staff, Directors' fees and benefits-in-kind with the aim of ensuring that the remuneration packages are appropriate to attract, retain and motivate employees capable of meeting the Company's objectives and that the remuneration commensurate to the employees' duties and responsibilities.

If necessary, the NRC may seek expert advice inside and/or outside the Company on remuneration of the Directors and key management personnel. The NRC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2014.

Level and Mix of Remuneration

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

In setting remuneration packages, the Group takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Independent Directors receive Director's fees for their board services and appointment to the Board Committees, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, motivate and retain the Directors. Such Directors' fees are recommended by the Board for approval by shareholders at the Company's AGM. The Directors also took into account the Group's performance and market practices of Singapore listed companies in recommending the Directors' fees.

The remuneration for the Executive Director and the key executives of the Group comprise a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

Disclosure of Remuneration

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

The procedure for setting remuneration and the remuneration policies of the Group are described under Principle 7 above.

The remuneration of the Directors and key executives of the Group in bands are tabulated below. For the purpose of calculating the remuneration mix percentages, the value of share options awarded during the financial year reported on are not included.

Remuneration of Directors

The remuneration of each individual Director and key management personnel of the Group is not disclosed, as the Company believes that such disclosure may be prejudicial to the Group's business interests given the highly competitive environment it is operating in. The NRC has reviewed this practice of the industry and in this regard, weighing the advantages and disadvantages of such disclosure. The remuneration mix of the Directors for FY2014 is tabularised below.

Name of Directors and their respective remuneration bands	Designation	Fees	Salaries	Bonus	Other benefits in kind
S$250,000 to S$499,999					
Zheng Zuhua	Executive Director/ Chief Executive Officer	–	69%	18%	13%

Name of Directors and their respective remuneration bands	Designation	Fees	Salaries	Bonus	Other benefits in kind
Below S$100,000					
Li Yinhui[1]	Non-Executive Chairman	–	–	–	–
Lim Joo Boon[2]	Non-Executive Chairman	100%	–	–	–
Low Kok Hua	Non-Executive Director	100%	–	–	–
Soon Kong Ann	Non-Executive Director	100%	–	–	–
Gan Siok Loon	Independent Director	100%	–	–	–
Tan Tien Hin Winston[3]	Non-Executive Director	100%	–	–	–
Fong Heng Boo	Independent Director	100%	–	–	–
Robert Chew	Independent Director	100%	–	–	–
Yu Yuqun	Non-Executive Director	–	–	–	–
Oon Chong Howe[4]	Executive Director/ Chief Executive Officer	–	100%	–	–

Notes:

(1) Appointed with effect from 19 August 2014.

(2) Stepped down from the Board with effect from 19 August 2014.

(3) Stepped down from the Board with effect from 22 April 2014.

(4) Stepped down from the Board with effect from 31 March 2014.

The total Directors' fees proposed for FY2014 is S$298,219.

The total Directors' fees paid for the financial year ended 31 December 2013 was S$248,000.

Remuneration of the top key executives (who are not Directors)

To maintain confidentiality of staff remuneration matters, the NRC and the Board are of the opinion that disclosure on remuneration of key executives (who are not Directors of the Company) should be made in bands of S$250,000. The total annual remuneration received by the five key executives in the Group (who are not Directors) for FY2014 is S$988,645. The remuneration of the key executives takes into consideration their performance and value-add to the Group, giving due regard to the financial and commercial health and business needs of the Group. The Group offers competitive remuneration to recruit, motivate and retain employees.

The table below shows the range of gross remuneration of the Group's key executives (who are not directors of the Company) for FY2014:

Remuneration Band	Number of Key Executives
S$500,000 and above	–
S$250,000 to S$499,999	–
Below S$250,000	5

The NRC also administers the Inter-Roller Share Option Scheme 2001 and determines the grant of share options to the eligible participants. Details of the share options granted to Directors in FY2014 are set out in the Directors' Report. The NRC and the Board will constantly evaluate and assess the implementation of long-term incentive schemes through the Inter-Roller Share Option Scheme 2001.

There are no termination, retirement and post-employment benefits that may be granted to Directors, CEO and all key executives of the Group.

For FY2014, no employee of the Company and its subsidiaries was an immediate family member of any Director, CEO or substantial shareholders.

Having reviewed and considered the variable components of the key executives' remuneration, the NRC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss.

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is mindful of its obligation to provide timely, reliable and fair disclosure of material information in compliance with the Catalist Rules. In presenting the financial results, the Board has sought to provide a balanced and reader-friendly assessment of the Group's performance, position and prospects. The Group's financial performance and prospect statements announced in the quarterly and full year financial results announcements were reviewed carefully during Board meetings before being released. Such announcements are made within the timeframe as set out under Rules 705(1) and (3) of the Catalist Rules. The Board also provides negative assurance confirmation to shareholders for the quarterly financial results announcement pursuant to Rule 705(5) of the Catalist Rules.

Financial results are reviewed by ARC before it is recommended for adoption by the Board. If required, the Group's external auditors' view will be sought.

Risk Management and Internal Controls

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

The ARC conducts regular reviews of the effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls. The Management reviews all significant policies and procedures and highlights all significant matters to the Board and the ARC. In view of the recent completion of the RTO in August 2014, the Board currently relies on external audit reports, the internal audit report provided by the CIMC's internal audit team and management letter prepared by the external auditors on any material non-compliance or internal control weaknesses of the Group. There were no major internal control weaknesses highlighted by the external auditors for the attention of ARC for FY2014.

With the assistance of the internal auditors and through the ARC, the Board reviews, at least annually, the adequacy and effectiveness of the Group's internal controls, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are procedures in place for both the internal and external auditors to report independent conclusions and recommendations to the Management and the ARC.

Based on the internal controls established and maintained by the Group, worked performed by the external auditors, internal auditors and reviews performed by the Management, the ARC and the Board, the Board with the concurrence of the ARC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate as at 31 December 2014 in its current business environment.

The Board has received assurance from the CEO and the Group Chief Financial Officer that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the effectiveness of the Company's internal controls have been evaluated and discussions had been held with the external and internal auditors on their reporting points and both the CEO and Group Chief Financial Officer have noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise or report financial data.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that all internal control systems contain inherent limitations and that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Audit & Risk Committee

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

The ARC's terms of reference which describe its major responsibilities are, inter alia, the following:

(a) assist the Board in the discharge of its responsibilities on financial reporting matters;

(b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response, and results of the audits compiled by the internal and external auditors of the Group;

(c) review the periodic consolidated financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory and regulatory requirements;

(d) review the effectiveness and adequacy of the internal control procedures of the Group addressing financial, operational, information technology and compliance risks, and ensure co-ordination between the internal and external auditors of the Group, and the Management, reviewing the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management where necessary);

(e) review the scope and results of the external audit, and the independence and objectivity of the external auditors;

(f) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(g) make recommendations to the Board on the proposals to shareholders on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(h) review significant financial reporting issues and judgments with the Group Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;

(i) review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Group Chief Financial Officer, the finance manager of the Company as well as the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;

(j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(k) review any potential conflicts of interest and take any necessary steps to resolve and mitigate such conflicts of interest;

(l) review the suitability of the Group Chief Financial Officer, as well as the adequacy of the finance team on an on-going basis;

(m) review and approve all hedging policies and instruments (if any) to be implemented by the Group;

(n) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit & Risk Committee;

(o) review the financial risk areas of the Group, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(p) review and establish procedures for receipt, retention and treatment of complaints received by the Group, inter alia, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

(q) review the Group's compliance with such functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

(r) review arrangements by which the staff of the Group may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up; and

(s) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The Board is of the view that the members of the ARC are appropriately qualified to discharge their responsibilities.

The ARC has explicit authority to investigate any matter within its terms of reference, and has full access to and cooperation of the Management, and has full authority to require the attendance of any staff or Directors at its meetings. The ARC has been given reasonable resources to enable it to discharge its functions.

The Company has also set in place whistle-blowing procedures pursuant to which staff of the Group may, in confidence/anonymously, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangement is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by the CEO who will report directly to the Chairman of the ARC on all such matters raised. The procedures for submission of complaints have been explained to all employees of the Group. Following investigation and evaluation of a complaint, the ARC will then decide on recommended disciplinary or remedial action, if any. The action so determined by the ARC to be appropriate shall then be brought to the Board or to the appropriate members of senior management for authorisation or implementation, respectively.

The ARC has met with the external auditors without the presence of the Management in FY2014. The ARC has also reviewed the non-audit services performed by the external auditors and is satisfied that the provision of such services, and the nature and extent of such services will not prejudice the external auditors' independence and objectivity. The audit and non-audit fees in FY2014 were S$147,000 and S$30,000 respectively. The ARC has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that they do not affect the independence of the external auditors.

Having reviewed and been satisfied that the external auditors, PricewaterhouseCoopers LLP, is independent, the ARC has recommended the re-appointment of Messers PricewaterhouseCoopers LLP as external auditors of the Company for the financial year ending 31 December 2015 at the forthcoming AGM.

For FY2014, all of the Singapore-incorporated subsidiaries in the Group were audited by the external auditors, PricewaterhouseCoopers LLP and a suitable audit firm was engaged for the Group's significant foreign incorporated subsidiaries. The Board and the ARC have reviewed the appointment of different auditors for its subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. For the subsidiaries which are not significant in terms of net book value and revenue, these may not have been subjected to an audit as it is not required under the respective laws of incorporation of these subsidiaries. For such subsidiaries, the ARC has considered and is satisfied that there are sound internal controls in place.

The Company has complied with the Catalist Rules 712 and 715 in relation to its external auditors.

In FY2014, the ARC had carried out the following activities:–

(a) reviewed the quarterly and full-year financial statements (unaudited and audited), and recommend to the Board for approval;

(b) reviewed the adequacy and effectiveness of the Group's risk management and internal control systems;

(c) reviewed interested persons transactions;

(d) reviewed and approved the annual audit plan of the external auditors;

(e) reviewed and approved the internal audit plan of the internal auditors;

(f) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for Board's approval;

(g) reviewed the appointment of new external auditors of the Group and determined their remuneration, and made a recommendation for Board's approval; and

(h) met with each of the external auditors and internal auditors without the presence of the Management.

Internal Audit

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

In the past, the Group's internal audit function was performed internally. However, as the Group grew, the Board decided to outsource the internal audit function to the internal audit team of CIMC Group in FY2014.

The internal auditors plan its internal audit schedules in consultation with the CEO. The audit plan is submitted to the ARC for approval prior to the commencement of the internal audit. The internal auditors have unrestricted direct access and reports to the ARC.

Both internal and external auditors have full access to the ARC, and the ARC may from time to time assign them any specific tasks in relation to their functions. The Board believes that the CEO should be responsible for the internal audit function and is in a better position than the Chairman of the ARC to monitor and supervise the internal audit work. Therefore, our internal auditors report directly to the CEO instead of the Chairman of the ARC.

The ARC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal controls identified. The ARC has reviewed the effectiveness of the internal auditors and is satisfied that the internal auditors are adequately resourced and have appropriate standing within the Group to fulfill its mandate.

On an annual basis, the ARC reviews the internal audit program of the Group so as to align it to the changing needs and risk profile of the Group's business activities.

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Communication with Shareholders

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

Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate and timely disclosure of information on the Group in accordance with the Catalist Rules.

Shareholders are given the opportunity to participate effectively in and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. Any notice of a general meeting of Shareholders is issued at least 14 days before the scheduled date of such meeting.

Communication with Shareholders

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

The Group's policy is to furnish prompt, complete and relevant disclosure in all public announcements, circular to shareholders and annual reports. We believe that shareholders should be given timely and accurate information.

The Group issues announcements and press releases on an immediate basis, where required, under Catalist Rules. Where immediate disclosure is not practicable, the relevant announcement is made as soon as possible to ensure that all stakeholders and the public have equal access to the information.

The Company's corporate website (www.pterisglobal.com) is also a source of information for its shareholders. Under the Investor Relations section of the Company's website, shareholders can find all announcements, press releases, corporate presentations as well as webcasts at analyst briefings. To enhance and encourage communication with our shareholders and the public, the Group provides an email address for the investors at investor.relations@pterisglobal.com.

To ensure that the public do not miss out any important announcements, an email alert function is made available to everyone on subscription. Emails will be sent to subscribers whenever there are announcements made through SGXNET.

Our website also includes a simple self-help query function in the Announcements and Shareholders' Announcements section. In the Announcements section, users may search for Announcements by the type and year in which the relevant announcement was made. In the Shareholders' Announcement section, users may search for Shareholders' Announcements by the name and type of Shareholders. With this simple query tool, users will be able to obtain the information they require in a more efficient manner.

The Company does not have a fixed dividend policy at present. 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. No dividend was paid or proposed for FY2014 as the Board feels it is prudent to retain cash resources so that the Company has the flexibility to execute its business plans effectively.

Conduct of Shareholder Meetings

Principle 15: *Companies should encourage greater shareholder participation at Annual General Meetings (AGMs) and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

Shareholders are encouraged to attend general meetings and to participate actively at the AGMs. The notice of AGM is dispatched to shareholders, together with explanatory notes, at least 14 days before the meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Company's Articles of Association allows a shareholder of the Company to appoint up to two proxies to attend the AGM and vote in his place. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of information and authentication of the identity of shareholders through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

Resolutions to be passed at general meetings are always separate on each distinct issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

The Board views the AGM as the principal forum for dialogue with shareholders. It is an opportunity for shareholders to raise issues and ask the Directors or Management questions regarding the Company and its operations. The ARC Chairman and NRC Chairman are invited to address shareholders' questions relating to the work of these Board Committees. The Company's external auditors are also invited to attend the AGM to assist the Directors in addressing any relevant queries by shareholders relating to the conduct of audit and the preparation and content of their auditors' report.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and the Management, and to make these minutes, subsequently approved by the Board, available to shareholders during office hours.

Pursuant to the Catalist Rules, the Company will be required to conduct its voting at general meetings by poll effective from 1 August 2015 where shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted. Taking into account the effective date and subject to the Company's consideration of cost efficiency and effectiveness, the Company will from time to time review the need to conduct poll voting for all resolutions to be passed at the general meetings of the Company. At the forthcoming AGM, the Company will conduct its voting on a show of hands instead of poll voting.

Securities Transactions

The Company has adopted Rule 1207(19) of the Catalist Rules on Dealing in Securities. This has been incorporated into the Company's Code of Conduct, which applies to Directors, employees and their immediate families. The Company requires all Directors, employees and their immediate families not to trade in the Company's shares during the period beginning one month before and ending on the date of the release of the full year results as well as during the period beginning two weeks before and ending on the date of the release of the quarterly financial results. Directors and key officers are also reminded not to deal in the Company's securities on short term considerations and to observe the relevant insider trading laws at all times even when engaging in the dealing of securities within the non-prohibitory periods. Reminders are sent via email to remind all Directors and employees of their obligations.

MATERIAL CONTRACTS

Save as announced via SGXNET, there were no material contracts (including loans) of the Company or its subsidiaries involving the interest of any Director or controlling shareholders, which are either still subsisting as at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year.

RISK MANAGEMENT

The Group is continually reviewing and improving its business and operational activities to take into account the risk management perspective. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions. The Group has also considered the various financial risks, details of which are found in the Annual Report.

SPONSOR

The Company had, in August 2014, appointed Canaccord Genuity Singapore Pte. Ltd. ("**Canaccord**") as its continuing sponsor upon completion of the RTO in August 2014 and transfer of the Company from the Main Board of the SGX-ST to Catalist.

Save for the financial advisory fees paid to Canaccord pursuant to the RTO, there were no non-sponsor fees paid to Canaccord in FY2014.

INTERESTED PERSON TRANSACTIONS

The aggregate value of transactions entered into by the Group with interested persons and their associates, as defined in the Catalist Rules, are as follows:

Name of Interested Person[1]	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transaction less than $100,000)
	S$'000	S$'000
CIMC Finance Company Ltd ("**CIMC Finance**")		
– Cash deposits placed with CIMC Finance[2]	–	25,051
– Interest expense paid and payable for loans from CIMC Finance[3]	–	642
Shenzhen Southern CIMC Containers Manufacture Co., Ltd[4]	295	–
Shenzhen Southern CIMC Containers Services Co., Ltd[4]	173	–
China Merchants Shekou Industrial Zone Ltd[4]	126	–
CIMC Financing Leasing Co., Ltd[5]	–	3,423
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd[6]	–	146

Notes

1. These companies are considered the "same interested person" for the purposes of Chapter 9 of the Catalist Rules.
2. This includes cash deposits placed with CIMC Finance from 1 January to 18 August 2014 which have been carried forward to the period after completion of the RTO.
3. This relates to the interest expense paid and payable for new loans from CIMC Finance.
4. This relates to the rental and related charges paid for the lease of properties from these companies.
5. This relates to the sales of material handling systems to CIMC Financing Leasing Co., Ltd.
6. This relates to the purchase of passageway for building passenger boarding bridges from CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.

In addition to the above, as at 31 December 2014, CIMC and CIMC-HK have collectively provided letters of comfort in connection with the Revolving Credit Facility and Trade Facility extended to the PGL Group by a consortium of banks.

As at 31 December 2014, the aggregate amount in respect of the letter of comfort in relation to the Revolving Credit Facility was S$52.0 million and the aggregate amount in respect of the letter of comfort in relation to the Trade Facility was S$32.0 million.

No fees or considerations was paid under this arrangement except for the bank charges incurred are reimbursed by the Group.

FINANCIAL CONTENTS

45 Directors' Report

48 Statement by Directors

49 Independent Auditor's Report

50 Consolidated Statement of Comprehensive Income

51 Statement of Financial Position – Group

52 Statement of Financial Position – Company

53 Consolidated Statement of Changes in Equity

54 Consolidated Statement of Cash Flows

55 Notes to the Financial Statements

117 Statistics of Shareholdings

119 Notice of Annual General Meeting

Proxy Form

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and statement of financial position of the Company as at 31 December 2014.

Directors

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

Li Yinhui (appointed on 19 August 2014)
Low Kok Hua
Gan Siok Loon
Soon Kong Ann
Fong Heng Boo
Robert Chew
Yu Yuqun
Zheng Zuhua

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this report.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		**Holdings in which director is deemed to have an interest**	
	At 31.12.2014	At 1.1.2014 or date of appointment, if later	**At 31.12.2014**	At 1.1.2014 or date of appointment, if later
Pteris Global Limited				
(No. of ordinary shares)				
Low Kok Hua	**6,887,632**	34,438,160	**47,040**	235,200
Soon Kong Ann	**1,360,000**	6,800,000	**4,740,000**	23,700,000

Directors' contractual benefits

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

The directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

Share options

The Inter-Roller Share Option Scheme 2001 (the "Scheme") for key management personnel and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 25 May 2001.

The Scheme provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Group.

The Scheme is administered by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee at the date of this report comprises the following members:

- Gan Siok Loon (Chairperson)
- Robert Chew
- Fong Heng Boo
- Low Kok Hua

In accordance with Rule 845 of the Listing Manual, the maximum size of the Scheme is capped at 15% of the Company's total issued share capital. Based on the existing issued share capital at the end of the financial year, of $247,410,023 divided into 322,947,152 shares, the maximum size of the Scheme will be approximately 48,442,073 shares. The Scheme is intended to last for fifteen years.

Other information regarding the Scheme is set out below:

– The exercise prices of the options are set at the market price at the time of grant;

– The options can be exercised one year after the grant. Further vesting period for the exercise of the options may be set; and

– The options granted expire after 5 years for non-executive directors and 10 years for the employees of the Company and its subsidiaries.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Inter-Roller Share Option Scheme 2001								
Date of grant of options	Exercise price per share	Options outstanding at 1 January 2014	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2014	Number of option holders at 31 December 2014	Exercise period
16.02.2006	$0.639	310,685	–	–	(310,685)	–	–	16.02.2007 – 15.02.2016
23.02.2007	$0.773	627,124	–	–	(627,124)	–	–	23.02.2008 – 22.02.2017
19.02.2008	$0.156	582,670	–	–	(582,670)	–	–	19.02.2009 – 18.02.2018
		1,520,479	–	–	(1,520,479)	–		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Audit & Risk Committee

The members of the Audit & Risk Committee at the end of the financial year were as follows:

Fong Heng Boo (Chairman)
Soon Kong Ann
Robert Chew
Gan Siok Loon

All members of the Audit & Risk Committee were non-executive directors.

The Audit & Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2014 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the statement of financial position of the Company and the consolidated financial statements of the Group.

The Audit & Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Li Yinhui
Director

Zheng Zuhua
Director

31 March 2015

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2014

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 50 to 116 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Li Yinhui
Director

Zheng Zuhua
Director

31 March 2015

Report on the Financial Statements

We have audited the accompanying financial statements of Pteris Global Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 116, which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 31 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Revenue	5	**240,581**	174,755
Other income	6	**3,373**	2,768
Material costs		**(138,204)**	(107,136)
Subcontract costs		**(13,554)**	(2,491)
Staff costs	7	**(37,068)**	(24,247)
Depreciation and amortisation		**(2,359)**	(912)
Other operating expenses	8	**(37,840)**	(25,203)
Foreign exchange differences	9	**2,940**	240
Finance expenses	10	**(1,166)**	(889)
Profit before income tax		**16,703**	16,885
Income tax expense	11	**(3,360)**	(2,178)
Net profit		**13,343**	14,707
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		**3,298**	377
Other comprehensive income, net of tax		**3,298**	377
Total comprehensive income		**16,641**	15,084
Profit attributable to:			
Equity holders of the Company		**13,019**	14,344
Non-controlling interests		**324**	363
		13,343	14,707
Total comprehensive income attributable to:			
Equity holders of the Company		**16,317**	14,721
Non-controlling interests		**324**	363
		16,641	15,084
Earnings per share attributable to equity holders of the Company (cents per share)			
Basic earnings per share	12	**5.13**	6.81
Diluted earnings per share	12	**4.81**	6.81

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION – GROUP

As at 31 December 2014

	Note	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	13	**51,155**	7,940
Trade and other receivables	14	**189,014**	119,362
Inventories	15	**58,754**	44,397
Contract work-in-progress	16	**24,510**	–
Other financial assets	17	**118**	630
		323,551	172,329
Non-current assets			
Property, plant and equipment	18	**102,554**	25,006
Intangible assets	19	**26,169**	2,358
Deposit for land use rights		**–**	1,742
Land use rights	20	**14,331**	12,354
Other assets		**72**	–
Long term prepaid expenses		**–**	28
Deferred income tax assets	21	**4,269**	2,626
		147,395	44,114
Total assets		**470,946**	216,443
LIABILITIES			
Current liabilities			
Trade and other payables	23	**171,652**	100,932
Excess of progress billing over contract work-in-progress	16	**5,483**	–
Borrowings	24	**91,914**	17,705
Provisions	25	**14,868**	7,900
Provision for taxation		**4,840**	2,891
		288,757	129,428
Non-current liabilities			
Deferred income tax liabilities	21	**249**	–
Deferred income	26	**8,764**	6,346
		9,013	6,346
Total liabilities		**297,770**	135,774
NET ASSETS		**173,176**	80,669
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	**97,819**	21,504
Reserves	28	**73,556**	57,239
		171,375	78,743
Non-controlling interests		**1,801**	1,926
Total equity		**173,176**	80,669

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION – COMPANY

As at 31 December 2014

	Note	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	13	**7,521**	16,308
Trade and other receivables	14	**47,949**	37,912
Inventories	15	**4**	56
Contract work-in-progress	16	**10,944**	29,108
		66,418	83,384
Non-current assets			
Property, plant and equipment	18	**19,869**	16,564
Other assets		**72**	160
Deferred income tax assets	21	**–**	393
Investments in subsidiaries	22	**201,071**	17,497
		221,012	34,614
Total assets		**287,430**	117,998
LIABILITIES			
Current liabilities			
Trade and other payables	23	**31,441**	23,421
Excess of progress billing over contract work-in-progress	16	**2,930**	4,113
Borrowings	24	**52,139**	52,142
Provisions	25	**2,505**	3,745
		89,015	83,421
Non-current liability			
Borrowings	24	**–**	61
		–	61
Total liabilities		**89,015**	83,482
NET ASSETS		**198,415**	34,516
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	**247,410**	65,161
Reserves	28	**(48,995)**	(30,645)
Total equity		**198,415**	34,516

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Note	← Attributable to equity holders of the Company → Share capital $'000	Surplus reserve $'000	Currency translation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
2014								
Beginning of financial year		**21,504**	**1,945**	**(2,671)**	**57,965**	**78,743**	**1,926**	**80,669**
Net profit		–	–	–	13,019	13,019	324	13,343
Other comprehensive income for the year		–	–	3,298	–	3,298	–	3,298
Total comprehensive income for the year		**–**	**–**	**3,298**	**13,019**	**16,317**	**324**	**16,641**
Issuance of shares pursuant to reverse acquisition	2, 36	41,498	–	–	–	41,498	–	41,498
Deferred shares	2	34,786	–	–	–	34,786	–	34,786
Issuance of shares as part payment of professional fees for the reverse acquisition	27	550	–	–	–	550	–	550
Issuance of Advanced Monies shares for the reverse acquisition	27	1,200	–	–	–	1,200	–	1,200
Share issuance expenses		(1,719)	–	–	–	(1,719)	–	(1,719)
Dividends		–	–	–	–	–	(449)	(449)
Total transactions with owners, recognised directly in equity		**76,315**	**–**	**–**	**–**	**76,315**	**(449)**	**75,866**
End of financial year		**97,819**	**1,945**	**627**	**70,984**	**171,375**	**1,801**	**173,176**

	← Attributable to equity holders of the Company → Share capital $'000	Surplus reserve $'000	Currency translation reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total Equity $'000
2013							
Beginning of financial year	**21,504**	**1,945**	**(3,048)**	**56,067**	**76,468**	**1,563**	**78,031**
Net profit	–	–	–	14,344	14,344	363	14,707
Other comprehensive income for the year	–	–	377	–	377	–	377
Total comprehensive income for the year	**–**	**–**	**377**	**14,344**	**14,721**	**363**	**15,084**
Dividends	–	–	–	(12,446)	(12,446)	–	(12,446)
Total transactions with owners, recognised directly in equity	**–**	**–**	**–**	**(12,446)**	**(12,446)**	**–**	**(12,446)**
End of financial year	**21,504**	**1,945**	**(2,671)**	**57,965**	**78,743**	**1,926**	**80,669**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit before income tax		**16,703**	16,885
Adjustments for:			
– Depreciation and amortisation		**2,359**	912
– Loss/(Gain) on disposal of property, plant and equipment		**488**	(8)
– Interest income		**(535)**	(352)
– Dividend income		**(3)**	–
– Interest expense		**798**	656
– Gain from change in fair value of contingent consideration	2	**(504)**	–
– Loss/(Gain) from change in fair value of other financial assets		**581**	(644)
		19,887	17,449
Change in working capital			
– Inventories and construction work-in-progress		**(11,079)**	11,272
– Trade and other receivables		**(38,932)**	(29,902)
– Trade and other payables		**42,522**	14,329
– Provisions		**3,910**	2,710
Cash generated from operations		**16,308**	15,858
Income tax paid		**(3,061)**	(2,228)
Net cash provided by operating activities		**13,247**	13,630
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets		**(12,139)**	(13,708)
Proceeds from sale of property, plant and equipment		**2**	20
Deposit paid for land use rights		**–**	(1,742)
Acquisition of long term prepaid expenses		**–**	(13)
Interest received		**535**	352
Dividend received		**3**	–
Net cash from reverse acquisition	36(c)	**20,491**	–
Net cash flows from/(used in) investing activities		**8,892**	(15,091)
Cash flows from financing activities			
Repayment of borrowings from related companies		**(49,443)**	(59,666)
Proceeds of new loans from related companies		**51,428**	54,003
Proceeds of new loans from banks		**18,514**	12,814
Payment of finance lease liabilities		**(28)**	–
Interest paid		**(2,322)**	(1,274)
Decrease in cash pledged		**6**	–
Dividends paid		**–**	(3,716)
Net cash flows from financing activities		**18,155**	2,161
Net increase in cash and cash equivalents		**40,294**	700
Cash and cash equivalents			
Beginning of financial year		**7,940**	7,165
Effects of currency translation on cash and cash equivalents		**715**	75
End of financial year	13	**48,949**	7,940

The accompanying notes form an integral part of these financial statements.

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

1. GENERAL INFORMATION

Pteris Global Limited (the "Company", "PGL") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 28 Quality Road, Singapore 618828.

On 19 August 2014, PGL completed the acquisition (the "Acquisition") of Shenzhen CIMC-Tianda Airport Support Ltd ("CIMC-TD") and its subsidiaries (the "CIMC-TD Group"). Further information about the transaction is disclosed in Note 2.

PGL and its subsidiaries (excluding CIMC-TD Group) is engaged in the business of (i) provision of engineering and computer software solutions for airport logistics and materials, such as baggage and air cargo handling systems; and (ii) the manufacture and repair of airport ground support equipment, including aircraft catering vehicles and other service vehicles.

The CIMC-TD Group is principally involved in the manufacture and sale of (i) airport equipment which comprises mainly passenger boarding bridges and ground support equipment such as airport apron buses, aircraft catering vehicles and other specialized vehicles; (ii) baggage and materials handling systems, which comprises systems for the sorting, handling and transportation of different types of baggage and cargo; and (iii) automated parking systems.

2. THE ACQUISITION

In 2013, the Company entered into conditional sale and purchase agreements with China International Marine Containers (Hong Kong) Ltd ("CIMC-HK") and Shenzhen TGM Ltd ("TGM") to acquire the entire issued share capital of CIMC-TD by way of issuance of new ordinary shares in the Company. As disclosed in Note 1, the transaction ("Acquisition") was completed on 19 August 2014.

In accordance with the agreements, the Company issued 210,617,000 new ordinary shares to CIMC-HK and TGM on completion of the Acquisition. In addition, the Company agreed to issue to CIMC-HK and TGM additional new ordinary shares. The number of shares to be issued varies with the outcome of certain contingent events ("Contingent Consideration").

As the shareholders of CIMC-TD have control over PGL, the Acquisition has been accounted for as a reverse acquisition in accordance to FRS103 Business Combinations, and the legal subsidiaries (i.e. CIMC-TD Group) was deemed to be the accounting acquirer and the PGL Group as the accounting acquirees for accounting purpose.

The consolidated financial statement represents a continuation of the consolidated financial statements of CIMC-TD Group and reflects the following:

(a) the assets and liabilities of the CIMC-TD Group were recognised and measured in the consolidated statement of financial position at their carrying amount before the Acquisition;

(b) the identifiable assets, liabilities and contingent liabilities of the PGL Group were recognised and measured in the consolidated financial statements at their acquisition date fair values;

(c) the excess of the fair value of purchase consideration over the identifiable net assets of PGL Group at fair value is recognised as goodwill in the consolidated statement of financial position;

(d) the retained earnings and other equity balances recognised in the consolidated financial statement are the retained earnings and other equity balances of CIMC-TD Group immediately before the Acquisition;

2. THE ACQUISITION (CONTINUED)

(e) the amount recognised as issued equity interest in the consolidated financial statements were determined by adding the issued equity of CIMC-TD outstanding immediately before the Acquisition to the fair value of purchase consideration of the Acquisition. The fair value of purchase consideration is based on the fair value of PGL Group at the completion date. However, the equity structure appearing in the consolidated financial statement (i.e. the number and type of instrument issued) shall reflect the equity structure of PGL, including the equity instruments issued by PGL to effect the Acquisition;

(f) the consolidated statement of comprehensive income for the financial year ended 31 December 2014 reflects that of the CIMC-TD Group for the full period together with the post-acquisition results of PGL Group;

(g) the comparative figures presented in these consolidated financial statements were that of the CIMC-TD Group; and

(h) earnings per share for the financial year ended 31 December 2014 reflects the results of the CIMC-TD Group till the date of acquisition and the results of the enlarged Group from the acquisition date.

The effects of the Acquisition are disclosed in Note 36.

On 19 December 2014, the Company agreed with CIMC-HK and TGM to fix the number of ordinary shares to be issued at 50,414,615 ("Deferred Shares") for the Contingent Consideration. The fair value of the contingent consideration approximates $34,786,000 based on the Company share price on 19 December 2014. The Company recorded a gain of $504,000 arising from the change in fair value of the contingent consideration between 19 August 2014 and 19 December 2014.

At the date of this report, these Deferred Shares have not been issued.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2014 (continued)

FRS 112 *Disclosures of Interests in Other Entities*

The Group has adopted the above new FRS on 1 January 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 Consolidated Financial Statements and FRS 111 Joint Arrangements, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) Separate Financial Statements and FRS 28 (revised 2011) Investments in Associates and Joint Ventures.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 January 2014. The Group has incorporated the additional required disclosures into the financial statements.

3.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable from construction contracts, the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assess its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, and excludes value-added tax or any other sales tax. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

For sales of airport equipment and material handling systems, transfer occurs when the product is received at the customer's warehouse or mutually agreed location and accepted by customers.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue from a fixed price contract is recognised in profit or loss using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Revenue recognition (continued)

Construction contracts (continued)

When the outcome of the project cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Rendering of service

Revenue from rendering of maintenance and installation services is recognised in profit or loss upon the delivery of these services.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

3.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

An entity shall attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The entity shall also attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

3.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Freehold land and buildings are initially recognised at cost less accumulated impairment losses. Leasehold land and buildings are carried at cost less accumulated depreciation and accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Assets under construction

Assets under construction comprising development and construction costs incurred during the period of construction are carried at cost, less any recognised provision for impairment. Depreciation on these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for the intended use.

(iv) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 3.6 on borrowing costs).

(b) Depreciation

Freehold land and assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold buildings – Singapore	24 years
Leasehold land and buildings – Malaysia	74 years
Motor vehicles	5 – 7 years
Machinery and equipment	3 – 10 years
Office and other equipment	3 – 10 years

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other income" or "other operating expenses".

3.5 Intangible assets

(a) Measurement

(i) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(ii) Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

(b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(c) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets (continued)

(c) Amortisation (continued)

The estimated useful lives for the current and comparative years are as follow:

	Useful lives
Software	10 years
Operating rights of automated parking system	13.33 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

3.7 Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as inventories on the statement of financial position unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Construction contracts (continued)

At the end of the reporting period, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. When cumulative costs incurred to date plus recognised profit less recognised losses exceed progress billings, the surplus representing amounts due from customers is shown as 'contract work-in-progress'. For contracts where progress billings exceed cumulative costs incurred to date plus recognised profit less recognised losses, the surplus representing amounts due to customers is shown as 'excess of progress billing over contract work-in-progress'.

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables".

3.8 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of non-financial assets (continued)

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

3.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term.

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(a) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for non-current interest-free receivables from subsidiaries which have been accounted for in accordance with Note 3.8 on Investments in subsidiaries. Loans and receivables are presented as "trade and other receivables" (Note 14) and "cash and cash equivalents" (Note 13) on the statements of financial position.

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

(e) Impairment

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

(i) Loans and receivables

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables (continued)

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

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

3.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

3.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

3.14 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and any accumulated impairment losses. Land use rights are amortised on a straight line basis over the lease terms of agreement of 50 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss.

3.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3.17 Leases

(a) When the Group is the lessee

The Group leases motor vehicles under finance leases and land, factories and warehouses under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Leases (continued)

(a) When the Group is the lessee (continued)

(ii) Lessee – Operating leases

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

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

(b) When the Group is the lessor

(i) Lessor – Operating leases

The Group leases industrial land under operating leases to non-related parties.

Lease of industrial land where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

3.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and weighted average cost principle. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

3.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Income taxes (continued)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

3.20 Provisions

Provisions for warranty are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. This provision is calculated based on historical experience of the level of repairs and replacements.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

3.21 Employee compensation

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

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Employee compensation (continued)

(b) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of FRS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "foreign exchange differences".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

3.23 Segment reporting

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

3.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

3.25 Government grants

Government grants are transfer of monetary assets or non-monetary assets from the government to the Group at no consideration, including taxes refund and financial allowances.

A government grant is recognised initially as deferred income when there is reasonable assurance that the grant will be received and the Group will comply with the conditions associated with the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivables. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

The grant is then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. A grant that compensates the Group for expenses incurred is recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

3.26 Share capital

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.27 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3.28 Other assets

Other assets, include unquoted equity securities and club memberships, which do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are stated at cost less impairment losses on a review at the end of the reporting period.

Gains or losses on disposal of other assets are determined as the difference between the net disposal proceeds and the carrying amount of the investments and are accounted for in the profit or loss as they arise.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Construction contracts

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by $1,300,000 and $1,800,000 respectively.

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics.

5. REVENUE

	Group	
	2014 $'000	2013 $'000
Sales of goods	**191,617**	167,623
Construction contracts	**36,176**	–
Services rendered	**12,788**	7,132
	240,581	174,755

6. OTHER INCOME

	Group	
	2014 $'000	2013 $'000
Interest income	**535**	352
Rental income	**1,430**	273
Gain on disposal of property, plant and equipment	**–**	8
Government grants	**571**	1,116
Gain from change in fair value of contingent consideration (Note 2)	**504**	–
Gain from change in fair value of other financial assets	**5**	644
Sale of scrap materials	**281**	367
Dividend income	**3**	–
Others	**44**	8
	3,373	2,768

7. STAFF COSTS

	Group	
	2014 $'000	2013 $'000
Wages and salaries	**29,049**	18,315
Employer's contribution to defined contribution plans	**4,779**	3,322
Termination benefit	**504**	–
Other benefits	**2,736**	2,610
	37,068	24,247

8. OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating expenses:

	Group	
	2014 $'000	2013 $'000
Allowance for provision for obsolescence in inventories	**–**	290
Allowance for doubtful receivables	**3,014**	262
Audit fees paid to:		
– auditors of the Company	**147**	71
– other auditors	**28**	–
Non audit fees paid to auditors of the Company	**30**	–
Business tax surcharges	**1,458**	1,239
General insurance fees	**385**	204
Marketing expense	**3,875**	5,194
Operating lease expense	**2,665**	2,428
Legal and professional fees	**2,310**	204
Loss from disposal of property, plant and equipment	**488**	–
Loss from change in fair value of other financial assets	**586**	–
Research and development expense	**1,292**	2,058
Shipping and insurance fees	**11,477**	8,061
Telecommunication and communication expense	**207**	180
Transportation and travelling expense	**1,807**	1,506

9. FOREIGN EXCHANGE DIFFERENCES

	Group	
	2014 $'000	2013 $'000
Net foreign exchange gain/(loss)	**2,170**	(115)
Net fair value gains on currency forward contract	**770**	355
	2,940	240

10. FINANCE EXPENSES

	Group	
	2014 $'000	2013 $'000
Interest expense on:		
– Borrowings from ultimate holding company	**283**	434
– Borrowings from CIMC Finance Company	**707**	715
– Borrowings from bank	**1,145**	6
Bank settlement charges	**289**	171
Others	**79**	62
Less: Interest expense capitalised	**(1,337)**	(499)
	1,166	889

CIMC Finance Company, a related party, is a financial institution established with the approval from the People's Bank of China. The CIMC Finance Company's ultimate controlling party is China International Marine Containers (Group) Ltd ("CIMC Group"), the ultimate holding corporation of the Company.

11. INCOME TAX EXPENSE

	Group	
	2014	**2013**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	**–**	–
– Foreign	**4,774**	2,760
	4,774	2,760
Deferred income tax (Note 21)	**(1,480)**	(582)
– Under provision in prior financial years:		
Current income tax	**66**	–
	3,360	2,178

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore (2013: People's Republic of China) standard rate of income tax as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Profit before income tax	**16,703**	16,885
Tax calculated at tax rate of 17% (2013: 25%)	**2,840**	4,221
Effects of:		
– different tax rates in other countries	**1,308**	–
– tax incentives	**(2,537)**	(2,218)
– expenses not deductible for tax purposes	**454**	175
– deferred tax benefits not recognised (Note (a))	**1,237**	–
– under provision of tax in prior years	**66**	–
– others	**(8)**	–
Tax charge	**3,360**	2,178

(a) At the reporting date, deferred tax assets have not been recognised in respect of the unutilised tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from.

The unutilised tax losses carried forward which are available to set-off against future taxable income, are subject to agreement by the tax authorities and compliance with tax regulations prevailing in the respective countries.

12. EARNINGS PER SHARE

(a) Basis earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2014	2013
Profit attributable to equity holders of the Company ($'000)	**13,019**	14,344
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**253,959**	210,617
Basic earnings per share (cents)	**5.13**	6.81

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares pertain to additional ordinary shares in the Company that are to be issued to CIMC-HK and TGM (Note 2).

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	2014	2013
Profit attributable to equity holders of the Company ($'000)	**13,019**	14,344
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	**253,959**	210,617
Adjustment for the shares to be issued to CIMC-HK and TGM ('000) (Note 2)	**16,851**	–
	270,810	210,617
Diluted earnings per share (cents)	**4.81**	6.81

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash at bank and on hand	**23,576**	1,809	**5,315**	14,308
Cash at CIMC Finance Company	**25,051**	6,131	**–**	–
Fixed deposit with bank	**2,528**	–	**2,206**	2,000
Cash and cash equivalents in the statements of financial position	**51,155**	7,940	**7,521**	16,308
Cash and deposits pledged	**(2,206)**	–	**(2,200)**	(3,515)
Cash and cash equivalents per consolidated statement of cash flows	**48,949**	7,940	**5,321**	12,793

Cash at CIMC Finance Company refer to deposits placed with CIMC Finance Company Ltd.

Cash and deposits pledged represent bank balances and deposits of the Company and a subsidiary pledged as security to obtain credit facilities.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade receivables				
– Related companies	**1,838**	2	**–**	–
– Subsidiaries	**–**	–	**27,348**	15,609
– Non-controlling interest	**332**	3	**–**	–
– Non-related parties	**139,995**	91,871	**10,228**	8,495
– Bills receivables	**1,339**	915	**–**	–
– Retention on construction contracts (Note 16)	**9,785**	–	**5,376**	6,777
– Retention receivables	**19,324**	13,134	**–**	–
	172,613	105,925	**42,952**	30,881
Less: Allowance for doubtful trade receivables – non-related parties	**(9,703)**	(6,039)	**(1,084)**	(777)
Trade receivables – net	**162,910**	99,886	**41,868**	30,104
Non-trade receivables				
– Ultimate holding company	**–**	9,032	**–**	–
– Immediate holding company	**175**	1,194	**–**	–
– Related companies	**–**	108	**–**	–
– Subsidiaries	**–**	–	**5,386**	4,732
	175	10,334	**5,386**	4,732
Other receivables	**5,278**	3,045	**741**	1,315
Less: Allowance for doubtful other receivables	**(487)**	(38)	**(448)**	–
Other receivables – net	**4,791**	3,007	**293**	1,315
Staff loans	**1,018**	578	**–**	–
Deposits	**2,318**	1,391	**84**	166
Prepayments	**17,802**	4,166	**318**	1,595
	189,014	119,362	**47,949**	37,912

At 31 December 2013, trade receivables of the Group with carrying amount of $3,083,000 are pledged as security to secure bank loans (Note 24).

15. INVENTORIES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Raw materials	**7,466**	6,259	**4**	56
Work-in-progress	**49,715**	38,347	**–**	–
Finished goods	**1,970**	209	**–**	–
Spare parts	**67**	30	**–**	–
	59,218	44,845	**4**	56
Provision for obsolescence	**(464)**	(448)	**–**	–
	58,754	44,397	**4**	56

The cost of inventories recognised as an expense and included in material costs amounted to $91,059,000 (2013: $101,300,000).

16. CONTRACT WORK-IN-PROGRESS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Aggregate costs incurred and profits recognised to date on uncompleted construction contracts	**345,186**	–	**201,536**	242,419
Less: Allowance for foreseeable losses	**(2,448)**	–	**(2,271)**	(2,679)
Less: Progress billings	**(323,711)**	–	**(191,251)**	(214,745)
	19,027	–	**8,014**	24,995
Presented as:				
Contract work-in-progress – due from customers	**24,510**	–	**10,944**	29,108
Excess of progress billing over contract work-in-progress – due to customers	**(5,483)**	–	**(2,930)**	(4,113)
	19,027	–	**8,014**	24,995
Retention on construction contracts included in trade receivables (Note 14)	**9,785**	–	**5,376**	6,777

17. OTHER FINANCIAL ASSETS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Quoted equity securities designed at fair value through profit or loss	**78**	–	**–**	–
Derivative financial instruments	**40**	630	**–**	–
	118	630	**–**	–

Derivative financial instruments comprise fair value gains of United States Dollar/Chinese Renminbi currency forwards used to manage the exposure from committed purchase of inventories in foreign currencies. The contracted notional principal amount of the derivatives outstanding at the end of the reporting period is RMB50,341,000 or S$ equivalent of $10,800,000 (2013: RMB76,093,000 or S$ equivalent of S$15,800,000).

18. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings $'000	Machinery and equipment $'000	Motor vehicles $'000	Office and other equipment $'000	Assets under construction $'000	Total $'000
2014						
Cost						
Beginning of financial year	3,348	3,867	888	3,798	20,456	32,357
Currency translation differences	(262)	182	45	41	758	764
Additions	–	1,022	46	579	12,106	13,753
Disposals and write-offs	–	(1,623)	(173)	(618)	–	(2,414)
Acquired from reverse acquisition (Note 36 (b))	62,955	1,435	259	852	278	65,779
End of financial year	66,041	4,883	1,065	4,652	33,598	110,239
Accumulated depreciation and impairment losses						
Beginning of financial year	2,219	2,260	410	2,462	–	7,351
Currency translation differences	30	(83)	24	112	–	83
Depreciation charge	999	532	148	303	–	1,982
Disposals and write-offs	–	(990)	(66)	(444)	–	(1,500)
Impairment loss written off on disposal	–	(172)	(1)	(58)	–	(231)
End of financial year	3,248	1,547	515	2,375	–	7,685
Net book value						
End of financial year	**62,793**	**3,336**	**550**	**2,277**	**33,598**	**102,554**

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Land and buildings $'000	Machinery and equipment $'000	Motor vehicles $'000	Office and other equipment $'000	Assets under construction $'000	Total $'000
2013						
Cost						
Beginning of financial year	3,167	3,576	792	3,482	8,144	19,161
Currency translation differences	181	204	45	198	464	1,092
Additions	–	117	118	221	11,848	12,304
Disposals and write-offs	–	(30)	(67)	(103)	–	(200)
End of financial year	3,348	3,867	888	3,798	20,456	32,357
Accumulated depreciation and impairment losses						
Beginning of financial year	2,009	1,981	322	2,258	–	6,570
Currency translation differences	117	150	19	131	–	417
Depreciation charge	93	159	131	165	–	548
Disposals	–	(21)	(62)	(61)	–	(144)
Impairment loss written off on disposal	–	(9)	–	(31)	–	(40)
End of financial year	2,219	2,260	410	2,462	–	7,351
Net book value						
End of financial year	**1,129**	**1,607**	**478**	**1,336**	**20,456**	**25,006**

Company	Leasehold building $'000	Machinery and equipment $'000	Motor vehicles $'000	Office and other equipment $'000	Assets under construction $'000	Total $'000
2014						
Cost						
Beginning of financial year	17,712	4,205	706	6,266	264	29,153
Additions	5,200	–	–	37	–	5,237
Disposals and write-offs	–	–	(438)	(3,153)	(264)	(3,855)
End of financial year	22,912	4,205	268	3,150	–	30,535
Accumulated depreciation and impairment losses						
Beginning of financial year	2,926	3,679	457	5,527	–	12,589
Depreciation charge	633	518	40	268	–	1,459
Disposals and write-offs	–	–	(229)	(3,153)	–	(3,382)
End of financial year	3,559	4,197	268	2,642	–	10,666
Net book value						
End of financial year	**19,353**	**8**	**–**	**508**	**–**	**19,869**

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold building $'000	Machinery and equipment $'000	Motor vehicles $'000	Office and other equipment $'000	Assets under construction $'000	Total $'000
2013						
Cost						
Beginning of financial year	17,712	4,205	706	6,068	264	28,955
Additions	–	–	–	198	–	198
End of financial year	17,712	4,205	706	6,266	264	29,153
Accumulated depreciation and impairment losses						
Beginning of financial year	2,292	3,032	389	5,145	–	10,858
Depreciation charge	634	647	68	382	–	1,731
End of financial year	2,926	3,679	457	5,527	–	12,589
Net book value						
End of financial year	**14,786**	**526**	**249**	**739**	**264**	**16,564**

(a) At 31 December 2014, the carrying amounts of motor vehicles held under finance leases were nil (2013: $247,000) for the Company.

(b) Bank borrowings are secured by a debenture over the Group's assets and a mortgage against a leasehold building in Singapore with a carrying amount of $19,353,000 (Note 24).

(c) The amount of borrowing cost capitalised as part of the costs in relation to the construction of the new factory was $1,337,000 (2013: $499,000) with a capitalisation rate of 5.15% (2013: 5.46%).

19. INTANGIBLE ASSETS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Composition:				
Goodwill arising on consolidation (Note (a))	**23,662**	387	**–**	–
Other intangible assets (Note (b))	**2,507**	1,971	**–**	–
	26,169	2,358	**–**	–

19. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on consolidation

	Group	
	2014 $'000	**2013 $'000**
Cost		
Beginning of financial year	**387**	366
Arising from reverse acquisition (Note 36 (b))	**23,261**	–
Currency translation differences	**14**	21
End of financial year	**23,662**	387
Accumulated impairment		
Beginning of financial year	**–**	–
Impairment charge	**–**	–
End of financial year	**–**	–
Net book value	**23,662**	387

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segments.

The carrying amounts of goodwill allocated to each CGU as follow:

	Group	
	2014 $'000	**2013 $'000**
Logistic System Business ("LSB")	**23,261**	–
Ground Support Equipment ("GSE")	**401**	387
	23,662	387

The recoverable amount of a CGU was determined based on its value-in-use and was determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

The recoverable amount of the CGUs was determined to be higher than its carrying amount and no impairment loss was recognised.

Key assumptions used for value-in-use calculations:

	2014		**2013**	
	LSB	**GSE**	**LSB**	**GSE**
Budgeted revenue growth	**14%**	**13%**	–	13%
Terminal value growth rate	**3%**	**3%**	–	3%
Discount rate	**13%**	**14%**	–	14%

- Budgeted revenue growth

  The anticipated annual revenue growth included in the cash flow projections for each of the respective years are projected based on past experience, actual operating results and the future budgeted orders approved by management.

19. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on consolidation (continued)

Impairment tests for goodwill (continued)

- Terminal value growth rate

  The discounted cash flow model uses four years of cash flow forecasts. A long-term growth rate of 3% into perpetuity based on the terminal year's cash flows has been considered.

- Discount rate

  The discount rate is a pre-tax measure bases on the risk-free rate for ten-year bonds issued by the government in the relevant market under the LSB CGU and one-year bank fixed deposit under the GSE CGU, both adjusted for risk premium to reflect both the increased risk of investing in equities and the systematic risk of the CGU.

These assumptions were used for analysis of each CGU within the business segment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGU, management believes that any reasonable possible change in any of the above key assumptions would not cause the carrying value of the CGU to materially exceed its recoverable amount.

(b) Other intangible assets

Other intangible assets comprises computer software and operating rights for automated parking system, of which the operation for the automated parking system has not commenced yet.

20. LAND USE RIGHTS

	Group	
	2014	**2013**
	$'000	**$'000**
Cost		
Beginning of financial year	**13,435**	12,321
Additions	**1,817**	412
Currency translation differences	**490**	702
End of financial year	**15,742**	13,435
Accumulated amortisation		
Beginning of financial year	**1,081**	759
Amortisation	**279**	271
Currency translation differences	**51**	51
End of financial year	**1,411**	1,081
Net book value	**14,331**	12,354

In accordance with the relevant People's Republic of China laws, the land use right agreements relating to the land on which the property, plant and equipment of the Group resides, is held on a leasehold basis.

Amortisation

The amortisation of land used rights is included in depreciation and amortisation.

21. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred income tax assets				
– To be recovered within one year	**–**	–	**–**	–
– To be recovered after one year	**4,269**	2,626	**–**	393
	4,269	2,626	**–**	393
Deferred income tax liabilities				
– To be settled within one year	**–**	–	**–**	–
– To be settled after one year	**249**	–	**–**	–
	249	–	**–**	–

Movement in deferred income tax account is as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Beginning of financial year	**2,626**	1,920	**393**	393
Currency translation differences	**163**	124	**–**	–
Tax charge to profit or loss (Note 11)	**1,480**	582	**(393)**	–
End of financial year	**4,269**	2,626	**–**	393

Deferred income tax liabilities of $7,829,000 (2013: nil) have not been recognised for the withholding and other taxes that will be payable on the earnings of an overseas subsidiary when remitted to the holding company. These unremitted profits are permanently reinvested and amount to $78,291,000 (2013: nil) at the end of the reporting period.

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has accumulated unrecognised tax losses of $55,873,000 (2013: nil) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

21. DEFERRED INCOME TAXES (CONTINUED)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Beginning of financial year $'000	Acquired from reverse acquisition (Note 36 (b)) $'000	Currency translation differences $'000	End of financial year $'000
2014				
Property, plant and equipment	–	510	(9)	501
Other items	–	(255)	3	(252)
	–	255	(6)	249

Group

Deferred income tax assets

	Beginning of financial year $'000	Currency translation differences $'000	(Credited)/ Charged to profit or loss $'000	End of financial year $'000
2014				
Impairment losses	150	3	(44)	109
Provisions	1,122	65	544	1,731
Allowances for doubtful debts	912	48	323	1,283
Derivatives	(95)	1	88	(6)
Tax losses	175	4	(58)	121
Employee benefit payable	362	42	627	1,031
	2,626	163	1,480	4,269
2013				
Impairment losses	143	8	(1)	150
Provisions	698	49	375	1,122
Allowances for doubtful debts	824	48	40	912
Derivatives	5	(2)	(98)	(95)
Tax losses	112	8	55	175
Employee benefit payable	138	13	211	362
	1,920	124	582	2,626

21. DEFERRED INCOME TAXES (CONTINUED)

Company

Deferred income tax assets

	Beginning of financial year $'000	(Credited)/ Charged to profit or loss $'000	End of financial year $'000
2014			
Provisions	769	(769)	–
Property, plant and equipment	(376)	376	–
	393	(393)	–
2013			
Provisions	899	(130)	769
Property, plant and equipment	(699)	323	(376)
	200	193	393

22. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 $'000	2013 $'000
Unquoted equity investment, at cost	**199,464**	16,742
Impairment losses	**(6,979)**	(6,938)
	192,485	9,804
Loans to subsidiaries, at cost	**11,761**	10,924
Impairment of loan receivables	**(3,175)**	(3,231)
	201,071	17,497

Loans to subsidiaries are unsecured, interest-free, and settlement is neither planned nor likely to occur within the next 12 months. As these loans are, in substance, part of the Company's net investment in the subsidiaries, they are stated at cost, less impairment losses.

Movement in impairment losses of unquoted equity investment:

	Company	
	2014 $'000	2013 $'000
Beginning of financial year	**6,938**	4,673
Impairment losses	**41**	2,265
End of financial year	**6,979**	6,938

The Company assesses at the end of each reporting period whether there is any objective evidence that the Company's investments in subsidiaries are impaired.

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In 2013, indicators of impairment were identified for an investment in a subsidiary arising from significant losses incurred during the year. As a result, an impairment assessment was performed by management, which led to an impairment of $2,265,000 based on its value in use.

The calculations used to determine the value in use include cash flow projections from financial budgets approved by management covering a five year period. The pre-tax discount rate of 16.3% was applied, and the terminal value was computed based on the perpetuity growth model where a growth rate of 0% was used.

Movement in impairment losses of loan receivables:

	Company	
	2014	**2013**
	$'000	**$'000**
Beginning of financial year	**3,231**	3,052
Effect of movement in exchange rates	**(56)**	179
End of financial year	**3,175**	3,231

The Company had the following subsidiaries as at 31 December 2014 and 2013:

Company

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Note
			2014	2013	**2014**	2013	**2014**	2013	
			%	%	%	%	%	%	
Inter-Roller Investments Pte. Ltd.	Investment holding	Singapore	**100**	100	**100**	–	**–**	–	(a)
Inter-Roller Engineering Services Pte. Ltd.	Infrastructural engineering and maintenance services	Singapore	**100**	100	**100**	–	**–**	–	(a)
Pteris Global (Singapore) Pte. Ltd. (formerly known as Pteris Pte. Ltd.)	Investment holding	Singapore	**100**	100	**100**	–	**–**	–	(a)
AeroMobiles Pte. Ltd.	Manufacture and repair of airport ground support equipment	Singapore	**100**	100	**100**	–	**–**	–	(a)
Pteris Global Sdn. Bhd.	Manufacture of airport logistics system and equipment	Malaysia	**100**	100	**100**	–	**–**	–	(c)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company had the following subsidiaries as at 31 December 2014 and 2013: (continued)

Company

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Note
			2014	2013	2014	2013	2014	2013	
			%	%	%	%	%	%	
IR (Middle East) LLC	Engineering works	United Arab Emirates	**100**	100	**100**	–	**–**	–	(h)
Pteris Global (Beijing) Ltd.	Engineering works and after sales services	People's Republic of China	**100**	100	**100**	–	**–**	–	(d)
Pteris Global (Suzhou) Ltd.	Design and manufacture of airport logistics system	People's Republic of China	**100**	100	**100**	–	**–**	–	(e)
Pteris Global (India) Pte Ltd	Supply and maintenance of airport logistics system and equipment	India	**100**	100	**100**	–	**–**	–	(f)
Pteris Global (Thailand) Pte Ltd	Supply and maintenance of airport logistics systems and equipment	Thailand	**100**	100	**100**	–	**–**	–	(h)
CDG Systems Ltd	Design and supply of air cargo systems	United Kingdom	**100**	100	**100**	–	**–**	–	(h)
Pteris Global (USA) Inc.	Supply and maintenance of airport logistics system and equipment	United States of America	**100**	100	**100**	–	**–**	–	(h)
Pteris Global (Canada) Inc	Supply and maintenance of airport logistics system and equipment	Canada	**100**	100	**100**	–	**–**	–	(h)
Shenzhen CIMC-Tianda Airport Support Ltd.	Manufacture and sales of airport equipment, materials handling systems and automated parking systems	People's Republic of China	**70**	–	**100**	100	**–**	–	(b)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company had the following subsidiaries as at 31 December 2014 and 2013: (continued)

Company

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Note
			2014	2013	2014	2013	2014	2013	
			%	%	%	%	%	%	
Xinfa Airport Equipment Ltd	Manufacture and sale of ground support equipment	People's Republic of China	–	–	**70**	70	**30**	30	(b)
CIMC-Tianda Airport Support (Hong Kong) Limited	Sale and distribution of passenger boarding bridge and ground support equipment	Hong Kong	–	–	**100**	100	–	–	(h)
Shenzhen CIMC-Tianda Logistic System Engineering Co,. Ltd.	Planning, consultancy, development, design, production and integration of material handling system	People's Republic of China	–	–	**100**	100	–	–	(g)
Langfang CIMC Airport Support Ltd.	Manufacture and sale of automated parking system, material handling system and ground support equipment, rental of factories and property management	People's Republic of China	–	–	**100**	–	–	–	(g)
Kunshan CIMC Logistic Automation Equipment Co., Ltd.	Design, development, integration, information, consultancy, systems engineering and equipment planning for material handling system	People's Republic of China	–	–	**100**	–	–	–	(h)
CIMC-Tianda (Longyan) Investment Development Co., Ltd.	Investment and asset management in parking lot business	People's Republic of China	–	–	**60**	–	**40**	–	(h)
Techman (Hong Kong) Limited	Investment holding	Hong Kong	**100**	–	**100**	–	–	–	(b)

22. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Note

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Audited by member firms of PricewaterhouseCoopers International.
(c) Audited by TY Teoh International, Malaysia.
(d) Audited by Beijing Zhongyi Xincheng Accounting Firm Limited Company, People's Republic of China.
(e) Audited by Shanghai JiaLiang CPAs Limited, People's Republic of China.
(f) Audited by Pradeep H. Argawal & Associates, India.
(g) Audited by Pan-China Certified Public Accountants LLP, People's Republic of China.
(h) Not required to be audited.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables to:				
– non-related parties	**62,201**	35,746	**2,302**	3,922
– related companies	**262**	1,302	**–**	–
– non-controlling interest of a subsidiary	**70**	1,310	**–**	–
– subsidiaries	**–**	–	**8,398**	6,589
	62,533	38,358	**10,700**	10,511
Non-trade payables to:				
– ultimate holding company	**4,368**	101	**–**	–
– subsidiaries	**–**	–	**6,471**	6,298
	4,368	101	**6,471**	6,298
Dividends payable (Note (a))	**15,310**	14,557	**–**	–
Advances received	**36,773**	32,672	**–**	–
Accruals and other payables	**52,668**	15,244	**14,270**	6,612
	171,652	100,932	**31,441**	23,421

(a) The dividends payable represent CIMC-TD unpaid dividends to CIMC-HK, which were declared in the financial years of 2011 and 2013 (Note 29).

24. BORROWINGS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current				
Unsecured bank loan	**19,350**	–	**–**	–
Unsecured term loan	**20,425**	4,563	**–**	–
Secured bank loan	**52,139**	13,142	**52,139**	52,088
Finance lease liabilities	**–**	–	**–**	54
	91,914	17,705	**52,139**	52,142
Non-current				
Finance lease liabilities	**–**	–	**–**	61
	–	–	**–**	61
Total borrowings	**91,914**	17,705	**52,139**	52,203

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the end of the reporting period are follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
6 months or less	**72,564**	17,705	**52,139**	52,115
6 – 12 months	**19,350**	–	**–**	27
1 – 5 years	**–**	–	**–**	61
	91,914	17,705	**52,139**	52,203

(a) Security granted

(i) Secured borrowings

Total borrowings include secured liabilities of $52,139,000 (2013: $13,142,000) and $52,139,000 (2013: $52,088,000) for the Group and the Company respectively.

At 31 December 2014, the bank borrowings of the Group and the Company are secured by a debenture over assets and a mortgage against the leasehold building of the Company in Singapore (Note 18).

At 31 December 2013, the secured bank loan of the Group amounting to $13,142,000 was secured over trade receivables with carrying amount of $3,083,0000 (Note 14).

(ii) Unsecured borrowings

At 31 December 2014 and 2013, the unsecured term loans of $20,425,000 and $4,563,000 are provided by CIMC Finance Company and CIMC Group respectively.

(iii) Finance lease liabilities

Finance lease liabilities of the Company are effectively secured over motor vehicles (Note 18), as the legal title is retained by the lessor and will be transferred to the Company upon full settlement of the finance lease liabilities.

24. BORROWINGS (CONTINUED)

(b) Undrawn borrowing facilities

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Expiring within one year	**105,350**	135,171	**–**	–
Expired beyond one year	**–**	–	**–**	–
	105,350	135,171	**–**	–

The facilities expiring within one year from the end of the reporting period are facilities subject to annual review at various dates during 2015.

25. PROVISIONS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Warranties (Note (a))	**13,836**	7,025	**2,227**	2,240
Liquidated damages (Note (b))	**918**	–	**278**	1,505
Others	**114**	875	**–**	–
Total	**14,868**	7,900	**2,505**	3,745

(a) Warranties

The Group and the Company give generally one to two-year warranties on certain products and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the end of the reporting period for expected warranty claims based on past experience of the level of repairs and returns.

Movement in provision for warranties is as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Beginning of financial year	**7,025**	4,017	**2,240**	2,320
Acquired from reverse acquisition (Note 36 (b))	**2,691**	–	**–**	–
Currency translation differences	**437**	228	**–**	–
Provision made	**5,578**	5,038	**88**	314
Provision utilised	**(1,895)**	(1,575)	**(101)**	(260)
Provision reversed	**–**	(683)	**–**	(134)
End of financial year	**13,836**	7,025	**2,227**	2,240

25. PROVISIONS (CONTINUED)

(b) Liquidated damages

In accordance with specific clauses of the construction contracts, the Group is obligated to compensate owners and/or main contractors for any project delays caused by the Group. The provision is based on formal claims received from owners and/or main contractors, and/or management's expectation and estimates of claims arising, using recent claim experience as a guide. The final outcomes of such claims could vary considerably from the best estimates.

Movement in provision for liquidated damages is as follows:

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Beginning of financial year	**–**	–	**1,505**	860
Acquired from reverse acquisition (Note 36 (b))	**438**	–	**–**	–
Currency translation differences	**26**	–	**–**	–
Provision made	**892**	–	**278**	1,138
Provision utilised	**–**	–	**(1,015)**	(155)
Provision reversed	**(438)**	–	**(490)**	(338)
End of financial year	**918**	–	**278**	1,505

26. DEFERRED INCOME

	Group	
	2014 $'000	**2013 $'000**
Government grants	**8,764**	6,346

Deferred income refers to special funds from the Shenzhen Development and Reform Commission to be used only in relation to the construction of the new factory and government grant from Shenzhen Finance Committee (government related) to be used for the acquisition of certain equipment.

The grants are recognised initially as deferred income upon receipt and when there is reasonable assurance that the conditions associated with the grant can be complied with, they are recognised as other income over the useful life of the related assets.

27. SHARE CAPITAL

	Group		Company	
	No. of ordinary shares Issued share capital '000	Amount Share capital $'000	No. of ordinary shares Issued share capital '000	Amount Share capital $'000
Issued and fully paid:				
2014				
Beginning of financial year	–	21,504	548,488	65,161
Share consolidation[1]	109,698	–	109,698	65,161
Issuance of shares pursuant to reverse acquisition (Note 36)	210,617	41,498[2]	210,617	147,432[3]
Deferred shares (Note 2)	–	34,786	–	34,786
Issuance of shares as part payment of professional fees[4]	786	550	786	550
Issuance of Advanced Monies shares[5]	1,846	1,200	1,846	1,200
Share issuance expenses	–	(1,719)	–	(1,719)
End of financial year	322,947	97,819	322,947	247,410
2013				
Beginning and end of financial year	–	21,504	548,488	65,161

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

The Group's share capital amount differs from that of the Company as a result of the Acquisition described in Note 2.

(1) The shares in the Company were consolidated on 19 August 2014 on the basis of 1 Consolidated Share for every 5 shares held by the shareholders.

(2) This represents the fair value of consideration transferred in relation to the Acquisition at completion date of Acquisition (Note 36 (a)). The purchase consideration of Acquisition is determined using the fair value of the issued equity of the Company before the Acquisition, being 109,698,000 Consolidated Shares at $0.70 per share which represents the fair value of the Company being quoted and traded price of the shares at 19 August 2014, i.e. the close of trading, before the Acquisition.

(3) This represents the purchase consideration of the Company's Acquisition of the CIMC-TD Group which was satisfied by the allotment and issuance of 210,617,000 ordinary shares at $0.70 per share which represents the quoted and traded price of the shares prior to the completion of the Acquisition.

(4) This represents part payment of the professional fees paid to Canaccord Genuity Singapore Pte. Ltd., in respect of the financial advisory services rendered to the Company in connection to the Acquisition. The fair value of the services provided amounted to $550,000.

(5) Advanced Monies relates to a cash advance given by CIMC-HK to the Company (on an interest free basis) to pay, inter-alia professionals and other advisers in relation to the Acquisition. On the completion date of the Acquisition, the advance was settled via the issuance of 1,846,000 numbers of ordinary shares at $0.65 per share.

28. OTHER RESERVES

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(a) Composition:				
Share option reserve	**–**	–	**–**	216
Surplus reserve	**1,945**	1,945	**–**	–
Currency translation reserve	**627**	(2,671)	**–**	–
Retained profits	**70,984**	57,965	**(48,995)**	(30,861)
	73,556	57,239	**(48,995)**	(30,645)
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**–**	–	**216**	369
Employee share option scheme – Share options forfeited/lapsed	**–**	–	**(216)**	(153)
End of financial year	**–**	–	**–**	216
(ii) Surplus reserve				
General reserve fund	**1,297**	1,297	**–**	–
Enterprise expansion fund	**648**	648	**–**	–
Beginning and end of financial year	**1,945**	1,945	**–**	–
(iii) Currency translation reserve				
Beginning of financial year	**(2,671)**	(3,048)	**–**	–
Net currency translation differences of financial statements of foreign subsidiaries	**3,298**	377	**–**	–
End of financial year	**627**	(2,671)	**–**	–
(iv) Retained profits				
Beginning of financial year	**57,965**	56,067	**(30,861)**	(6,771)
Net profit/(loss)	**13,019**	14,344	**(18,353)**	(24,243)
Transfer arising from share options forfeited/lapsed	**–**	–	**216**	153
Unclaimed dividends	**–**	–	**3**	–
Dividend declared	**–**	(12,446)	**–**	–
End of financial year	**70,984**	57,965	**(48,995)**	(30,861)

28. OTHER RESERVES (CONTINUED)

Surplus reserve comprises:

(i) General reserve fund

Pursuant to the Articles of Association of one of the subsidiaries, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the People's Republic of China. The percentage for this appropriation was decided by the board of directors. This general reserve fund can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than upon liquidation.

(ii) Enterprise expansion fund

Pursuant to the Articles of Association of one of the subsidiaries, appropriations to enterprise expansion fund were made at a certain percentage of profit after taxation determined in accordance with accounting rules and regulations of the People's Republic of China. The percentage for this appropriation was decided by the board of directors. This enterprise expansion fund can be utilised in expansion of the enterprise and is non-distributable other than upon liquidation.

29. DIVIDENDS

During the financial year, the Group declared dividends as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Dividends	**449**	12,446

For 2014, a subsidiary in China declared dividends of $449,000 to Beijing Bowei Airport Support Ltd., the non-controlling interest of the Group.

For 2013, CIMC-TD declared dividends of $12,446,000 to its immediate holding corporation, CIMC-HK.

30. ARBITRATION

Arbitration proceedings in relation to the contractual dispute for a project in the Middle East

On 6 February 2013, the Company commenced arbitration proceedings against Crisplant A/S ("Crisplant") in respect of a project in the Middle East, New Doha International Airport. The Company is claiming against Crisplant in respect of loss and damages arising out of Crisplant's breach of contract, Crisplant's failure to pay the Company for work done and variations, suspension and delays during the project, and for the sum paid under the performance guarantee. Contingent assets arising from these claims have not been recognised in statement of financial position.

In March 2015, the parties have reached a settlement of all issues between them on an amicable basis in the Arbitration relating to the New Doha International Airport, including in relation to Crisplant's call on the Company's Performance Bond, which has now been fully resolved with the Performance Bond to be returned to the Company.

31. COMMITMENTS

Operating lease commitments

Operating lease commitments – where the Group is a lessee

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Within one year	**2,229**	2,099	**877**	746
Between one and two years	**1,679**	328	**803**	1,039
Between two and three years	**1,172**	328	**709**	1,039
More than three years	**16,404**	3,256	**13,710**	8,550
	21,484	6,011	**16,099**	11,374

Operating lease commitments – where the Group is a lessor

The Group and the Company leases out its leasehold building to a non-related party under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Not later than one year	**2,936**	–	**2,936**	2,830
Later than one year but not later than five years	**6,685**	–	**6,685**	707
	9,621	–	**9,621**	3,537

Capital commitments

	Group	
	2014 $'000	**2013 $'000**
Construction of new factory premises		
Approved by directors and contracted for	**21,682**	8,387
Approved by directors and not contracted for	**82,930**	32,817
	104,612	41,204

32. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group has exposure to the following risks from its use of financial instrument:
– Market risk
– Credit risk
– Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

(i) Currency risk

The Group operates globally with dominant operations in Singapore and People's Republic of China. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Chinese Renminbi ("RMB") and Euro ("EUR").

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	RMB $'000	EUR $'000	Other $'000	Total $'000
At 31 December 2014						
Financial assets						
Cash and cash equivalents	5,650	10,604	28,899	2,825	3,177	51,155
Trade and other receivables	11,936	37,713	124,654	10,011	4,700	189,014
Receivables from subsidiaries	5,185	21,299	970	–	5,280	32,734
Loans to subsidiaries	–	–	–	–	8,586	8,586
	22,771	69,616	154,523	12,836	21,743	281,489
Financial liabilities						
Borrowings	(52,139)	–	(39,775)	–	–	(91,914)
Payables to subsidiaries	(10,319)	(4,216)	–	–	(334)	(14,869)
Trade and other payables	(16,163)	(24,702)	(126,165)	(2,010)	(2,612)	(171,652)
	(78,621)	(28,918)	(165,940)	(2,010)	(2,946)	(278,435)
Less: Currency forwards	–	(40)	–	–	–	(40)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	–	40,658	–	10,826	18,797	70,281

	SGD $'000	USD $'000	RMB $'000	EUR $'000	Other $'000	Total $'000
At 31 December 2013						
Financial assets						
Cash and cash equivalents	–	432	5,609	1,753	146	7,940
Trade and other receivables	–	20,759	80,147	14,698	3,758	119,362
Receivables from subsidiaries	–	–	750	–	–	750
	–	21,191	86,506	16,451	3,904	128,052
Financial liabilities						
Borrowings	–	(13,142)	(4,563)	–	–	(17,705)
Trade and other payables	–	(7,205)	(81,817)	(11,604)	(306)	(100,932)
	–	(20,347)	(86,380)	(11,604)	(306)	(118,637)
Less: Currency forwards	–	(630)	–	–	–	(630)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	–	214	–	4,847	3,598	8,659

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows (continued):

	SGD $'000	USD $'000	RMB $'000	EUR $'000	Other $'000	Total $'000
At 31 December 2014						
Financial assets						
Cash and cash equivalents	5,051	313	–	–	2,157	7,521
Trade and other receivables	14,914	24,038	970	15	8,012	47,949
	19,965	24,351	970	15	10,169	55,470
Financial liabilities						
Borrowings	(52,139)	–	–	–	–	(52,139)
Trade and other payables	(24,463)	(4,345)	(430)	(75)	(2,128)	(31,441)
	(76,602)	(4,345)	(430)	(75)	(2,128)	(83,580)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	–	20,006	540	(60)	8,041	28,527
At 31 December 2013						
Financial assets						
Cash and cash equivalents	11,724	774	–	7	3,803	16,308
Trade and other receivables	15,443	14,123	90	–	8,256	37,912
	27,167	14,897	90	7	12,059	54,220
Financial liabilities						
Borrowings	(52,203)	–	–	–	–	(52,203)
Trade and other payables	(16,961)	(2,988)	(430)	(585)	(2,457)	(23,421)
	(69,164)	(2,988)	(430)	(585)	(2,457)	(75,624)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	–	11,909	(340)	(578)	9,602	20,593

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD and RMB change against the SGD by 5% (2013: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	← Increase/(Decrease) →	
	2014 Net profit $'000	**2013 Net profit $'000**
Group		
USD against SGD		
– Strengthened	**(2,033)**	(11)
– Weakened	**2,033**	11
EUR against SGD		
– Strengthened	**(541)**	(242)
– Weakened	**541**	242
Company		
USD against SGD		
– Strengthened	**(1,000)**	(595)
– Weakened	**1,000**	595

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For bank deposits, the Group placed the deposits with banks and financial institutions which have good collection track record. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Head of Credit Control.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The trade receivables of the Group and of the Company comprise 19 debtors (2013: 10 debtors) and 2 debtors (2013: 2 debtors) respectively that individually represented 1% – 13% of the trade receivables.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The credit risk for trade and other receivables (excluding prepayments) based on the information provided to key management is as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
By geographical areas				
Singapore	**8,579**	–	**8,134**	9,261
People's Republic of China	**118,054**	78,481	**14,433**	10,830
Brazil	**6,930**	12,964	**–**	–
Malaysia	**653**	3,083	**1,961**	1,822
United Arab Emirates	**2,603**	–	**2,317**	3,812
India	**3,378**	–	**8,127**	6,894
United States of America	**4,392**	–	**10,941**	3,247
Other countries	**26,623**	20,668	**1,718**	451
	171,212	115,196	**47,631**	36,317

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

Major customers of the Group are airport enterprise or management authorities with government background and credit default losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The age analysis of trade and other receivables (excluding prepayments) past due but not impaired is as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Past due < 1 year	**18,515**	18,312	**4,385**	3,279
Past due 1 – 2 years	**4,552**	2,254	**1,386**	3,071
Past due > 2 years	**2,685**	–	**2,382**	958
	25,752	20,566	**8,153**	7,308

The Group and the Company believe that the unimpaired amounts are still collectible, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings when available.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The carrying amount of trade and other receivables (excluding prepayment) individually determined to be impaired and the movement in the related allowances for impairment are as follow:

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Past due < 1 year	**14,890**	19,353	**2,878**	1,064
Past due 1 – 2 years	**4,145**	3,220	**841**	126
Past due > 2 years	**8,167**	4,107	**1,092**	1,163
	27,202	26,680	**4,811**	2,353
Allowance for impairment	**(10,190)**	(6,077)	**(1,532)**	(777)
	17,012	20,603	**3,279**	1,576

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Beginning of financial year	**6,077**	5,496	**777**	–
Acquired from reverse acquisition (Note 36 (b))	**881**	–	**–**	–
Currency translation difference	**322**	319	**–**	–
Allowance made	**3,014**	262	**755**	777
Allowance utilised	**(104)**	–	**–**	–
End of financial year	**10,190**	6,077	**1,532**	777

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities (Note 24 (b)) and the ability to close out market positions at a short notice. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 13.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facilities (Note 24 (b)) and cash and cash equivalents (Note 13) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Group				
At 31 December 2014				
Trade and other payables	(171,652)	–	–	–
Borrowings	(93,655)	–	–	–
At 31 December 2013				
Trade and other payables	(100,932)	–	–	–
Borrowings	(17,729)	–	–	–
Company				
At 31 December 2014				
Trade and other payables	(31,441)	–	–	–
Borrowings	(52,682)	–	–	–
At 31 December 2013				
Trade and other payables	(23,421)	–	–	–
Borrowings	(52,697)	(61)	–	–

(d) Capital risk

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 shareholder 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.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategy is to maintain an acceptable gearing ratio. There were no changes in the Group's approach to capital management.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (continued)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Net debt	**212,411**	110,697	**76,059**	59,316
Total equity	**173,176**	80,669	**198,415**	34,516
Total capital	**385,587**	191,366	**274,474**	93,832
Gearing ratio	**55.1%**	57.8%	**27.7%**	63.2%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group				
2014				
Assets				
Derivative financial instruments	–	40	–	40
Equity securities designated at fair value through profit or loss	78	–	–	78
Total assets	78	40	–	118
2013				
Assets				
Derivative financial instruments	–	630	–	630
Total assets	–	630	–	630

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

The fair value of forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follow:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Loans and receivables	**171,212**	115,196	**47,631**	36,317
Other financial assets	**118**	630	**–**	–
Financial liabilities at amortised cost	**91,914**	17,705	**52,139**	52,203

(g) Offsetting financial assets and financial liabilities

(i) Financial assets

The Company has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

		Related amounts set off in the statement of financial position	
	Gross amounts - financial assets *(a)* $'000	Gross amounts - financial liabilities *(b)* $'000	Net amounts - financial assets presented in statement of financial position *(c) = (a)-(b)* $'000
At 31 December 2014			
Amounts due from subsidiaries, trade	**3,644**	**(2,118)**	**1,526**
Total	**3,644**	**(2,118)**	**1,526**
At 31 December 2013			
Amount due from subsidiaries, trade	3,936	(2,180)	1,756
Total	3,936	(2,180)	1,756

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Offsetting financial assets and financial liabilities (continued)

(ii) Financial liabilities

The Company has the following financial instruments subject to enforceable master netting arrangements or similar agreement as follows:

	Related amounts set off in the statement of financial position		
	Gross amounts - financial assets ***(a)*** **$'000**	**Gross amounts - financial liabilities** ***(b)*** **$'000**	**Net amounts - financial liabilities presented in statement of financial position** ***(c) = (a)-(b)*** **$'000**
At 31 December 2014			
Amounts due to subsidiaries, trade	**2,118**	**(2,118)**	**–**
Total	**2,118**	**(2,118)**	**–**
At 31 December 2013			
Amount due to subsidiaries, trade	2,180	(2,180)	–
Total	2,180	(2,180)	–

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group or the Company and their respective counterparties allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

33. IMMEDIATE, PENULTIMATE AND ULTIMATE HOLDING CORPORATIONS

The Company's immediate holding corporation is Sharp Vision Holdings Limited, incorporated in Hong Kong. The penultimate holding corporation is CIMC-HK, incorporated in Hong Kong. The ultimate holding corporation is CIMC Group, incorporated in the People's Republic of China.

34. RELATED PARTY TRANSACTIONS

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

(a) Other related party transactions

	Group	
	2014	**2013**
	$'000	**$'000**
Sales of goods and/or services to		
– Related companies under common control of the ultimate holding company	**3,275**	35
– Non-controlling interest of subsidiary	**629**	116
	3,904	151
Purchase of goods and/or services		
– Related companies under common control of the ultimate holding company	**1,584**	4,215
Interest expense		
– Ultimate holding company	**283**	434
– Related companies under common control of the ultimate holding company	**707**	715
	990	1,149
Lease expense		
– Related companies under common control of the ultimate holding company	**1,100**	771
– Related company under common control of the equity holder with significant influence in the ultimate holding company	**326**	320
	1,426	1,091
Interest income		
– Ultimate holding company	**235**	193

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2014, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from end of the reporting period and are disclosed in Notes 14 and 23 respectively.

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Wages and salaries	**1,366**	432
Employer's contribution to defined contribution plans, including Central Provident Fund	**14**	24
	1,380	456

Details on directors' remuneration are disclosed in the Corporate Governance Report.

35. SEGMENT INFORMATION

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer ("CEO") manages and monitors the unit's business and reviews the internal management report at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) Passenger boarding bridge and automated parking system: includes the sales of passenger boarding bridges and car park systems

(b) Logistic system business: includes the provision of engineering and computer software solutions for airport logistics

(c) Ground support equipment: includes the manufacture and repair of airport ground support equipment

(d) Service rendered: includes the provision of after-sales services with comprehensive and maintenance services

(e) All other segments

The accounting policies of the reportable segments are the same as described in Note 3.

Performance is measured based on profit before interest, tax, and depreciation for the reportable segment. This measurement basis excludes the offsets of expenditure from operating segment such as impairment of goodwill on consolidation that is not expected to recur regularly in every period. Inter-segment pricing is determined on an arm's length basis.

Information regarding the results of each reportable segment is included below.

This measurement is used to measure performance as management believes that such information is the most relevant in evaluating the results of the operating segment.

35. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Passenger boarding bridge and automated parking system $'000	Logistic system business $'000	Ground support equipment $'000	Service rendered $'000	All other segments $'000	Reconciliations – eliminations of inter-segment revenue and balances $'000	Total $'000
2014							
Revenue							
External revenue	141,517	64,389	20,462	12,692	1,521	–	240,581
Inter-segment revenue	–	381	–	–	–	(381)	–
Total revenue	141,517	64,770	20,462	12,692	1,521	(381)	240,581
Profit or loss							
Interest income	88	428	11	8	–	–	535
Depreciation	411	1,463	71	37	–	–	1,982
Amortisation	266	53	34	24	–	–	377
Finance expense	469	595	60	42	–	–	1,166
Reportable segment profit/ (loss) before income tax	18,183	(4,423)	1,071	2,387	(515)	-	16,703
Assets							
Reportable segment assets							
– Trade receivables	98,447	48,108	11,118	5,214	23	–	162,910
– Inventories	40,498	3,144	4,497	1,112	–	–	49,251
– Contract work-in-progress	–	24,510	–	–	–	–	24,510
– Goodwill	–	23,261	401	–	–	–	23,662
– Unallocated							210,613
Total							470,946
Segment assets includes:							
– Additions to property, plant and equipment	13,554	199	–	–	–	–	13,753
– Additions to intangible assets	–	23,261	–	–	–	–	23,261
Liabilities							
Reportable segment liabilities							
– Other payables	29,499	3,127	2,415	1,647	85	–	36,773
– Provisions	9,202	4,192	1,323	151	–	–	14,868
– Excess of progress billing over contract work-in-progress	–	5,483	–	–	–	–	5,483
– Unallocated							240,646
Total							297,770

35. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (continued)

	Passenger boarding bridge and automated parking system $'000	Logistic system business $'000	Ground support equipment $'000	Service rendered $'000	All other segments $'000	Reconciliations – eliminations of inter-segment revenue and balances $'000	Total $'000
2013							
Revenue							
External revenue	133,232	16,781	16,422	7,081	1,239	–	174,755
Inter-segment revenue	–	–	–	–	–	–	–
Total revenue	133,232	16,781	16,422	7,081	1,239	–	174,755
Profit or loss							
Interest income	271	34	33	14	–	–	352
Depreciation	421	53	52	22	–	–	548
Amortisation	280	35	34	15	–	–	364
Finance expense	683	86	84	36	–	–	889
Reportable segment profit/ (loss) before income tax	17,145	(2,609)	999	1,350	–	–	16,885
Assets							
Reportable segment assets							
– Trade receivables	74,874	14,713	7,968	2,312	19	–	99,886
– Inventories	32,670	1,966	1,082	2,181	–	–	37,899
– Goodwill	–	–	387	–	–	–	387
– Unallocated							78,271
Total							216,443
Segment assets includes:							
– Additions to property, plant and equipment	12,304	–	–	–	–	–	12,304
Liabilities							
Reportable segment liabilities							
– Other payables	27,347	4,259	3	1,011	52	–	32,672
– Provisions	7,331	471	98	–	–	–	7,900
– Unallocated							95,202
Total							135,774

35. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliations

(i) Segment assets

The amounts reported to the CEO with respect to total assets are measured in a manner consistent with that of the financial statements.

	2014 $'000	2013 $'000
Segment assets for reportable segments	**260,310**	138,153
Other segment assets	**23**	19
Unallocated:		
Cash and cash equivalents	**51,155**	7,940
Other receivables	**26,104**	19,476
Property, plant and equipment	**102,554**	25,006
Intangible assets	**2,507**	1,971
Land use rights	**14,331**	12,354
Others	**13,962**	11,524
	470,946	216,443

(ii) Segment liabilities

The amounts reported to the CEO with respect to total liabilities are measured in a manner consistent with that of the financial statements.

	2014 $'000	2013 $'000
Segment liabilities for reportable segments	**57,039**	40,520
Other segment liabilities	**85**	52
Unallocated:		
Trade and other payables	**134,879**	68,260
Borrowings	**91,914**	17,705
Provision for taxation	**4,840**	2,891
Deferred income tax liabilities	**249**	–
Deferred income	**8,764**	6,346
	297,770	135,774

35. SEGMENT INFORMATION (CONTINUED)

(b) Geographical segments

The Group operates from its facilities in Singapore, Malaysia, United Arab Emirates, People's Republic of China, India and the United States of America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of facilities. Segment assets are based on the geographical location of the assets.

	2014 $'000	2013 $'000
Revenue		
Singapore	**7,882**	–
People's Republic of China	**217,150**	174,755
India	**57**	–
United States of America	**15,492**	–
	240,581	174,755
Non-current assets*		
Singapore	**58,812**	–
Malaysia	**3,941**	–
United Arab Emirates	**8**	–
People's Republic of China	**56,597**	41,101
India	**1**	–
United States of America	**105**	–
	119,464	41,101

* Excludes deferred tax assets and goodwill.

Major customer

Revenue from one customer of the Group's passenger boarding bridge and automated parking system segment represents approximately 8% (2013: 15%) of the Group's total revenues.

36. EFFECTS OF THE ACQUISITION

Background of the acquisition is included in Note 2.

(a) Purchase consideration

	At fair value $'000
Fair value of purchase consideration transferred at completion date	41,498
Contingent Consideration (Note (e))	35,290
Total purchase consideration	76,788

36. EFFECTS OF THE ACQUISITION (CONTINUED)

(b) Identifiable assets acquired and liabilities assumed of PGL Group:

	At fair value $'000
Cash and cash equivalents	20,491
Cash and deposit pledged	2,212
Trade and other receivables	30,386
Allowance for doubtful receivables (Note 32 (b)(ii))	(881)
Inventories	2,430
Property, plant and equipment (Note 18)	65,779
Other financial assets	145
Contract work-in-progress	15,205
	135,767
Trade and other payables	(22,321)
Excess of progress billing over contract work-in-progress	(4,190)
Borrowings	(52,345)
Provisions (Note 25)	(3,129)
Deferred income tax liabilities (Note 21)	(255)
	(82,240)
Total identifiable net assets	53,527
Add:	
Goodwill (Note 19)	23,261
Consideration transferred for the business	76,788

(c) Effect on cash flows of the Group

Cash and cash equivalents acquired (as above)	20,491

(d) Acquisition related cost

Acquisition related cost of $1,590,000 are included in the other operating expenses in the consolidated income statement and operating cash flows in the consolidated statement of cash flows.

(e) Contingent Consideration

As disclosed in Note 2, the Acquisition involves the contingent consideration.

The fair value of the Contingent Consideration as at the acquisition date was estimated to be $35,290,000. This is based on the estimated number of new ordinary shares to be issued and the Company's share price at the acquisition date.

(f) The goodwill arising from the Acquisition is attributable to the synergies expected to be achieved from integrating PGL's operations into the Group's existing business.

(g) Revenue and profit contribution

The acquired group contributed revenue of $38,846,000 and net loss of $4,746,000 to the Group for the period from 1 September 2014 to 31 December 2014.

Had the PGL Group (the legal parent and its subsidiaries, prior to the reverse acquisition) been consolidated from 1 January 2014, consolidated revenue and consolidated profit for the financial year ended 31 December 2014 would have been $284,498,000 and $1,865,000 respectively.

37. SUBSEQUENT EVENT

Disposal 30% of equity interest of CIMC-TD

On 4 March 2015, the Company entered into a sale and purchase agreement (the "SPA") with Lucky Rich Holdings Limited to sell 30% equity interest in CIMC-TD at an indicative cash consideration of approximately RMB250.6 million (S$ equivalent of $51.6 million). The final consideration is to be determined based on the agreed formula as stipulated in the SPA and the completion of the transaction is subject to the satisfaction of the conditions precedent in the SPA.

No gain or loss on sale of the equity interest will be recognised in the profit or loss when the transaction is completed because the Company does not lose control over CIMC-TD subsequent to the transaction. The differences between the consideration and 30% of the net assets of CIMC-TD Group at completion date will be recognised in equity. As at 31 December 2014, CIMC-TD Group's net assets amounted to approximately RMB474.7 million (S$ equivalent of $102.1 million).

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 and which the Group has not early adopted:

- FRS 103 *Business Combinations* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32, *Financial instruments: Presentation*. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

  The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

  The Group will apply this amendment for business combinations taking place on/after 1 January 2015.

- FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

  The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 July 2014)

  The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)

  The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces FRS 18 Revenue and FRS 11 Construction contracts and related interpretations.

  The Group is assessing the impact of the standard on the financial statements.

- FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

  The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of FRS 109 was issued in July 2014. It replaces the guidance in FRS 39 that relates to the classification and measurement of financial instruments. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

  The Group has yet to assess the full impact of the standard on the financial statements.

Issued and paid-up capital	:	**S$168,673,438.61#**
Number of issued shares	:	**322,947,152**
Number of treasury shares	:	**NIL**
Voting rights	:	**ON SHOW OF HANDS: 1 VOTE FOR EACH MEMBER** **ON A POLL: 1 VOTE FOR EACH ORDINARY SHARE**

DISTRIBUTION OF SHAREHOLDINGS

(As recorded in the Register of Members and Depository Register as of 25 March 2015)

Size of shareholdings	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
1 – 99	224	7.17%	6,194	0.00%
100 – 1,000	484	15.50%	323,055	0.10%
1,001 – 10,000	1,771	56.71%	7,365,233	2.28%
10,001 – 1,000,000	623	19.95%	32,996,843	10.22%
1,000,001 and above	20	0.67%	282,255,827	87.40%
GRAND TOTAL	**3,122**	**100.00%**	**322,947,152**	**100.00%**

LIST OF TOP 20 SHAREHOLDERS

No.	Name	No of Shares	Percentage
1	SHARP VISION HOLDINGS LIMITED	165,722,139	51.32%
2	SHENZHEN TGM LTD	63,185,137	19.57%
3	CITIBANK NOMS S'PORE PTE LTD	10,467,600	3.24%
4	HONG LEONG FINANCE NOMINEES PL	6,122,000	1.90%
5	DBSN SERVICES PTE LTD	4,500,000	1.39%
6	LEONG HUAT (INVESTMENT)	3,943,600	1.22%
7	UOB NOMINEES (2006) PTE LTD	3,500,000	1.08%
8	MAYBANK KIM ENG SECS PTE LTD	2,797,445	0.87%
9	BANK OF S'PORE NOMS PTE LTD	2,757,400	0.85%
10	RAFFLES NOMINEES (PTE) LTD	2,558,624	0.79%
11	CHAN MEI LIN PEARLY	2,548,000	0.79%
12	LOW KOK HUA	2,168,632	0.67%
13	UNITED OVERSEAS BANK NOMINEES	2,067,982	0.64%
14	PHILLIP SECURITIES PTE LTD	1,819,444	0.56%
15	HSBC (SINGAPORE) NOMS PTE LTD	1,566,600	0.49%
16	UOB KAY HIAN PTE LTD	1,482,000	0.46%
17	SOON KONG ANN	1,360,000	0.42%
18	DBS NOMINEES PTE LTD	1,309,036	0.41%
19	CHEONG LOO KHENG	1,240,000	0.38%
20	SNG HEE KWEE	1,140,188	0.35%
	Total:	**282,255,827**	**87.40%**

Being the issued and paid-up capital of the Company extracted from Accounting and Corporate Regulatory Authority (ACRA) records.

STATISTICS OF SHAREHOLDINGS
As at 25 March 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as of 25 March 2015)

	Direct Interest		Deemed Interest	
Name	**Number of shares**	**%**	**Number of shares**	**%**
Sharp Vision Holdings Limited	165,722,139	51.32	–	–
China International Marine Containers (Group) Ltd.(1)	–	–	165,722,139	51.32
China International Marine Containers (Hong Kong) Ltd.(1)	–	–	165,722,139	51.32
Shenzhen TGM Ltd.	63,185,137	19.57	–	–
Tianda Employees Trade Union(2)	–	–	63,185,137	19.57

Notes:

(1) Sharp Vision Holdings Limited is a wholly-owned subsidiary of China International Marine Containers (Hong Kong) Ltd., which is in turn a wholly-owned subsidiary of China International Marine Containers (Group) Ltd.. Accordingly, each of China International Marine Containers (Hong Kong) Ltd. and China International Marine Containers (Group) Ltd are deemed to have an interest in the 165,722,139 Shares held by Sharp Vision Holdings Limited.

(2) The Tianda Employee Trade Union holds 36.9% shareholding interest in Shenzhen TGM Ltd. and is deemed to be interested in the 63,185,137 Shares held by Shenzhen TGM Ltd..

COMPLIANCE WITH RULE 723 OF THE CATALIST RULES

Based on the information available to the Company as at 25 March 2015, approximately 25.08% of the issued ordinary shares of the Company are held by the public, and therefore, Rule 723 of the Catalist Rules which requires that at least 10% of the ordinary shares of the Company be at all times held by the public, is complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Pteris Global Limited (the "**Company**") will be held at 28 Quality Road, Singapore 618828, on 28 April 2015, Tuesday at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

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

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Auditors' Report thereon.

(Resolution 1)

2. To approve the payment of Directors' fees of S$298,219 (2013: S$248,000) for the financial year ended 31 December 2014.

(Resolution 2)

3. To re-elect Mr. Yu Yuqun, who is retiring under Article 109 of the Company's Articles of Association, as a Director of the Company.

(Resolution 3)

Mr. Yu Yuqun is a Non-Executive Director of the Company. Resolution 3, as set out above, if passed, will re-elect him as a Director of the Company. Detailed information on Mr. Yu Yuqun can be found under the section entitled "Board of Directors" of the Company's Annual Report 2014.

4. To re-elect Ms. Zeng Beihua who is retiring under Article 116 of the Company's Articles of Association, as a Director of the Company.

(Resolution 4)

Ms. Zeng Beihua is a Non-Executive Director of the Company. Resolution 4, as set out above, if passed, will re-elect her as a Director of the Company. Detailed information on Ms. Zeng Beihua can be found under the section entitled "Board of Directors" of the Company's Annual Report 2014.

5. To note the retirement of the following directors:

   (a) Mr. Low Kok Hua who will not be seeking re-appointment and whose position as a director shall become vacant at the conclusion of the Annual General Meeting under Section 153 of the Companies Act (Chapter 50) (the "**Companies Act**");

   (b) Mr. Robert Chew, a director retiring pursuant to Article 109 of the Articles of Association of the Company, who would not be seeking re-election;

   (c) Mr. Fong Heng Boo a director retiring pursuant to Article 109 of the Articles of Association of the Company, who would not be seeking re-election; and

   (d) Ms. Gan Siok Loon, a director retiring pursuant to Article 109 of the Articles of Association of the Company, who would not be seeking re-election.

   Upon the retirement of Mr. Low Kok Hua, he will relinquish his position as a member of the Nomination and Remuneration Committee, and a member of the Information Technology Committee.

   Upon the retirement of Mr. Robert Chew, he will relinquish his position as a member of the Nomination and Remuneration Committee, a member of the Audit & Risk Committee, and a member of the Information Technology Committee.

Upon the retirement of Mr. Fong Heng Boo, he will relinquish his position as chairman of the Audit & Risk Committee, and a member of the Nomination and Remuneration Committee.

Upon the retirement of Ms. Gan Siok Loon, she will relinquish her position as chairperson of the Nomination and Remuneration Committee and as a member of the Audit & Risk Committee.

6. To re-appoint PWC LLP as auditors of the Company until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

(Resolution 5)

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares

That, pursuant to Section 161 of the Companies Act and Rule 806(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:

(A) (i) allot and issue shares in the capital of the Company ("**shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that may 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, convertible securities 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 may in their absolute discretion deem fit; and

(B) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force)

provided always that:

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

(b) (subject to such manner of 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 (a) above, the percentage of the total issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;

(ii) (where applicable) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Articles of Association for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 6)
(See Explanatory Note 1)

8. Authority to offer and grant options under the rules of the Inter-Roller Share Option Scheme 2001 (the "**Scheme**")

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorized and empowered to offer and grant options under the rules of the Scheme and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the Scheme, and that such shares may be issued notwithstanding this authority has ceased to be in force so long as the shares are issued pursuant to an offer or grant of options made while this authority was in force, provided always that the aggregate number of shares to be issued under this Scheme shall not exceed fifteen per cent (15%) of the issued shares (excluding treasury shares) in the capital of the Company for the time being.

(Resolution 7)
(See Explanatory Note 2)

9. To consider and, if thought fit, pass the following ordinary resolution with or without any modifications:

"That:

(a) approval be and is hereby given, for the renewal of the mandate for the purpose of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions (as defined in the Appendix to the Annual Report, in relation to the Proposed Renewal of the IPT Mandate (the "**Appendix**") and particulars of which are set out in the Appendix) in accordance with the guidelines of the Company for Interested Person Transactions as set out in the Appendix;

(b) such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier;

(c) the Audit & Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and to implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Resolution.

(Resolution 8)
(See Explanatory Note 3)

ANY OTHER BUSINESS

10. To transact any other business as may be transacted at an Annual General Meeting.

By Order of The Board

Ong Beng Hong/Tan Swee Gek
Company Secretaries

Singapore
13 April 2015

Explanatory Notes

1. The Ordinary Resolution 6 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, or convertible securities and to issue shares pursuant to such convertible securities, up to a number not exceeding, in aggregate, one hundred per cent (100%) of the total number of Issued Shares (excluding treasury shares) in the capital of the Company, of which up to fifty per cent (50%) of the total number of Issued Shares may be issued other than on a pro-rata basis to existing shareholders of the Company.

   For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution 6 is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution 6 is passed and any subsequent consolidation or subdivision of shares.

2. Ordinary Resolution 7 above, if passed, will empower the Directors of the Company to issue shares in the capital of the Company pursuant to the exercise of the options under the Scheme up to an amount in aggregate not exceeding fifteen per cent (15%) of the issued share capital of the Company excluding treasury shares for the time being.

3. Ordinary Resolution 8 proposed under item 9 above relates to the renewal of a mandate originally given by shareholders to the Company on 23 July 2014, allowing the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into transactions with interested persons as defined in Chapter 9 of the Catalist Rules. Please refer to the Appendix dated 13 April 2015 for details.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 28 Quality Road, Singapore 618828 not less than 48 hours before the time of the Annual General 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 or by attending 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.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is Ms Alice Ng, Director and Head of Continuing Sponsorship, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 68546160.

This page has been intentionally left blank

PTERIS GLOBAL LIMITED
PROXY FORM

Registration No. 197900230M

IMPORTANT:

1. For investors who have used their CPF monies to purchase Pteris Global Limited shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____

of _____

being a member/members of the above mentioned Company, hereby appoint

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

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Annual General Meeting to be held at 28 Quality Road, Singapore 618828 on 28 April 2015, Tuesday at 10.00am and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they think fit, as he/they will on any other matter arising at the Annual General Meeting.)

	Resolutions	For	Against
	Ordinary Business		
1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Auditors' Report thereon.		
2	To approve the payment of Directors' fees of S$298,219 (2013: S$248,000) for the financial year ended 31 December 2014.		
3	To re-elect Mr. Yu Yuqun, who is retiring under Article 109 of the Company's Articles of Association, as a Director of the Company.		
4	To re-elect Ms. Zeng Beihua who is retiring under Article 116 of the Company's Articles of Association, as a Director of the Company.		
5	To re-appoint PWC LLP as auditors of the Company until the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
	Special Business		
6	To approve the authority to allot and issue shares.		
7	To approve the authority to allot and grant options under the rules of the Inter-Roller Share Option Scheme 2001.		
8	To approve the Proposed Renewal of the IPT Mandate on Interested Person Transactions.		

Dated this _____ day of _____ 2015.

Total Number of Shares Held

_____

Signature(s) of Member(s) or Common Seal

Notes:

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

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.

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

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 28 Quality Road, Singapore 618828, not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

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

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

Personal Data Privacy:

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

This page has been intentionally left blank

This page has been intentionally left blank