SHS HOLDINGS LTD.

ADDING GROWTH ENGINES

ANNUAL REPORT 2015

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CORPORATE PROFILE

CORROSION PREVENTION

STRUCTURAL STEEL & FACADE

ADDING GROWTH ENGINES

Following the divestment of its refined petroleum business, the Group is exploring new growth engines such as the solar power business as well as a new competency in Pre-fabrication, Pre-finished Volumetric Construction ("PPVC") which augments its existing structural steel engineering business.

Established in 1971, SHS Holdings has grown into a diversified group with businesses ranging from corrosion prevention and structural steel & facade services, to energy-related businesses.

We are continually strengthening our core businesses to further reinforce our platforms for growth. We are well positioned in our respective industries and are constantly expanding our customer base and deepening our geographical network while enlarging our portfolio of products and services

CORPORATE **PROFILE**

Leveraging on the synergies of its current businesses and with its new growth engines under development, SHS strives to further strengthen its earnings base to enhance greater value for shareholders

Singapore Sports Hub

STRUCTURAL STEEL & FACADE

HETAT has a strong track record in the design, engineering and construction of integrated structures created from steel, aluminium and glass materials. It is at the forefront of its field and one of a few fabricators with S1 accreditation from the Singapore Structural Steel Society.

With several landmark projects under its belt, Hetat is well placed to pursue further structural projects in Singapore, Malaysia, Mongolia and other potential markets.

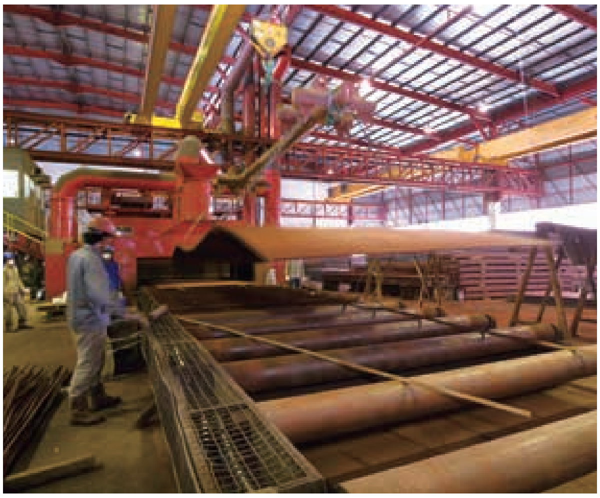
Singapore Grand Prix

Gardens by the Bay

Westgate

CORROSION PREVENTION

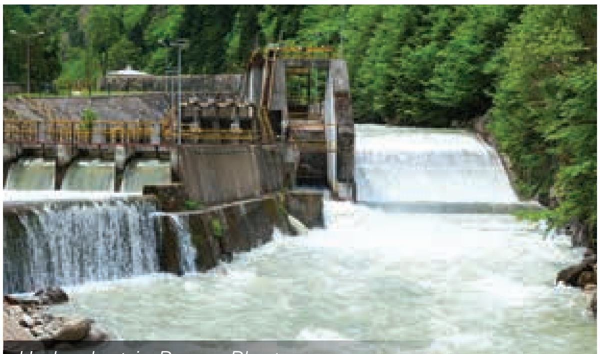
SHS CP is a leading provider of corrosion prevention services to the marine, oil and gas, construction and infrastructure industries. It has a strong niche in specialised tank coating services and large-scale plant operations in Singapore. Its proven capability in corrosion prevention services is underline by its status as a resident contractor for premier shipyards in Singapore.



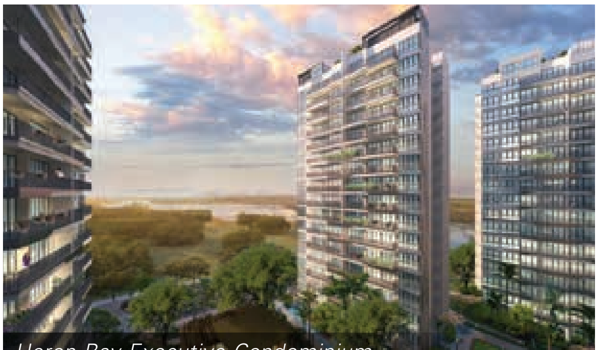
CORPORATE PROFILE

STRATEGIC INVESTMENTS

The Group constantly evaluates strategic investment opportunities that can generate shareholder value. We invested in the growing energy sector with a 8.8% stake in Energy Drilling Pte Ltd – a Singapore-incorporated company primarily engaged in the business of owning and operating offshore drilling vessels. This investment allows the Group to participate in the high value-add offshore oil and gas drilling market, and is aligned with the Group's strategy of investing in high-growth energy companies to enhance its earnings base and deliver long-term shareholder value. Our strategic investment portfolio also comprises a stake in Aenergy Holdings Company Limited. Aenergy is an investment holding company and its subsidiaries are principally engaged in the business of developing mini-hydropower projects in Indonesia. The Company also holds a 30% stake in an executive condominium development – Heron Bay – in Singapore, which received temporary occupation permit in 4Q15.



Hydroelectric Power Plant



Heron Bay Executive Condominium

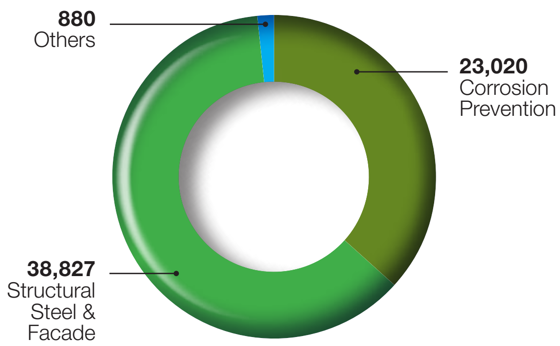
FINANCIAL HIGHLIGHTS

Profit & Loss Account (S$'000)	FY2015	FY2014
Continuing operations		
Revenue	**62,727**	86,064
Gross Profit	**15,198**	25,141
Profit before income tax	**9,101**	8,179
Profit after income tax	**8,974**	7,798
Discontinued operations		
Profit for the year from discontinued operations	**48,703**	7,852
Total profit for the year	**57,677**	15,650
Profit Attributable to Equityholders	**57,751**	15,670

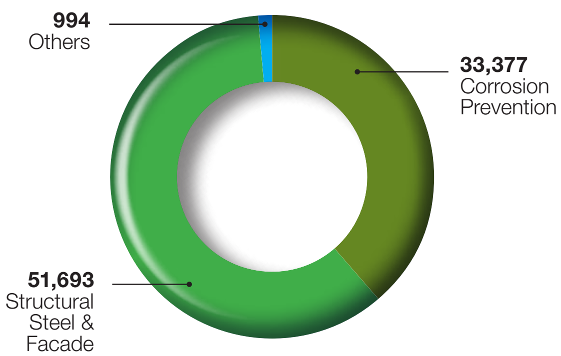
Per Share Data (Cents)	FY2015	FY2014
Earnings Per Share – Basic	**9.53**	2.59
Earnings Per Share – Basic (Continuing Operations)	**1.49**	1.29
Net Asset Backing	**35.98**	24.78
Dividend	**4.00**	0.93

Balance Sheet (S$'000) as at 31 December	FY2015	FY2014
Total Assets	**246,410**	254,174
Total Liabilities	**26,459**	101,927
Shareholders' Equity	**219,102**	150,750
Non-Controlling Interests	**849**	1,497
Total Equity	**219,951**	152,247

Revenue by Business Segment in FY2015 (S$'000)



Revenue by Business Segments in FY2014 (S$'000)



MESSAGE FROM THE CHAIRMAN AND GROUP CEO

"This is the beginning of an exciting journey for SHS as we embrace new capabilities and charge ahead to meet fresh challenges."

Mr. Henry Ng, Group CEO

DEAR SHAREHOLDERS,

FY2015 was a significant milestone in the history of our Group and we are pleased to report that it was another record year with a 269% jump in net profit attributable to shareholders to S$57.8 million despite a 27% decrease in revenue to S$62.7 million.

This was achieved because of a gain from the divestment of our Refined Petroleum (RP) business to Brenntag (Holding) B.V., a unit of global chemicals distribution giant Brenntag AG, which was completed on 31 December 2015, as well as a recognition of S$13.9 million in the share of associated company profits from the Heron Bay Executive Condominium project.

This divestment, which reaped a net cash proceed of approximately S$70.1 million, has increased the Group's cash position by 165% to S$103.8 million, thereby reinforcing the Group's balance sheet and enhancing our flexibility to seek new growth opportunities.

Road Map To Sustainable Growth

Our wholly-owned subsidiary Hetat, is developing a key competence in the area of Pre-fabrication, Pre-finished Volumetric Construction ("PPVC"), an extension of its structural steel engineering activities.

It has also made in-roads into the renewable energy sector such as the solar power business through another subsidiary, Sinenergy Pte Ltd. We believe that after the recent climate change conference held in Paris, governments around the world who pledged to work together to reduce global warming, the prospects for various renewable energy options such as solar power generation will be even more exciting.

Sinenergy, which was incorporated in February 2015, recently won a contract to install and lease up to 4MWh rooftop solar generation project from Singapore Airport Terminal Services Limited at its facility in Changi Airport, as well as a number of residential solar panel installations in Singapore.

On 30 December 2015, the Group announced that Hetat had accepted a letter of intent issued by the Bangladesh Power Development Board, a statutory body responsible for the generation and distribution of electricity in Bangladesh, for the proposed design, construction, operation and maintenance of a 50MWp solar power plant at Sutiakhali, Mymensingh District, Bangladesh. In this venture, we are collaborating with the leading solar engineering, procurement and construction (EPC) solutions provider in Malaysia, Ditrolic Solar Technology.

This project in Bangladesh will be subject to shareholders' approval in an extraordinary general meeting to be held in due course. The project if approved by shareholders and completed within next two years is expected to place the Group firmly into the renewable energy segment and boost the Group's earnings stream.

Rewarding Shareholders

As a gesture of our appreciation for your support, the Directors have proposed a dividend payout of 43% of FY2015 profits in the form of a special dividend of 3.68 Singapore cents per ordinary share and a final dividend of 0.32 Singapore cents per ordinary share. This is subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 28 April 2016.

Business Prospects

The way ahead in FY2016 is going to be increasingly challenging with continued global economic volatility, depressed oil prices and intensifying competition making the headlines which may impact the performance of the Group's continuing operations, namely corrosion prevention (CP) and structural steel & facade (SSF) segments and the loss of the contribution of the refined petroleum business divested in 2015.

Production Facilities of Corrosion Prevention Segment

However, we look forward to developing new capabilities and markets such as the PPVC segment and the solar business in the next few years to propel the Group forward.

ACKNOWLEDGEMENT

Indeed, this has been a milestone year for the Group, and it marks the beginning of an exciting journey for SHS as we embrace new capabilities and charge ahead to meet fresh challenges. To do this well, we need to work even closer together and harder than ever before. We are really excited about what's ahead in the horizon for SHS, particularly with the PPVC capabilities that we are acquiring, and with the exciting prospects for the solar power business. However, we need your support to make our plans work.

With a fresh mandate from shareholders, we, together with the Board of Directors, management and staff of SHS, assure you that we will do more to power the Group towards a robust, sustainable future so that we can continue to enhance shareholder value.

We would like to take this opportunity to thank all of the Directors on the Board, management and staff for their cooperation and commitment, and to our shareholders for your continued support. We look forward to meeting you again at the upcoming Annual General Meeting on 28 April 2016. Have a rewarding year ahead!

CHEW HOE SOON
Non-Executive and Non-Independent Chairman

HENRY NG HAN KOK
Group Chief Executive Officer

OPERATIONS & FINANCIAL REVIEW

In 2015, SHS Holdings made the strategic decision to divest its entire stake in TAT Petroleum Pte Ltd, Axxmo International Pte Ltd and PT TAT Petroleum Indonesia, (the Refined Petroleum ("RP") segment) to Brenntag (Holding) B.V., a unit of global chemicals distribution giant Brenntag AG, for S$100.3 million. The divestment, which was completed on 31 December 2015, had a positive impact on our bottom line.

S$'000	FY2015	FY2014	Change
Revenue	62,727	86,064	(27%)
Net profit attributable to shareholders			
– Continuing Operations	9,012	7,826	15%
– Discontinued Operations	48,739	7,844	521%
	57,751	**15,670**	**269%**

For the full year ended 31 December 2015 ("FY15"), the Group's net profit attributable to shareholders jumped from S$15.7 million in FY14 to S$57.8 million in FY15. This comprises S$48.7 million from discontinued operations (RP segment) and S$9.0 million from continuing operations, namely the Corrosion Prevention ("CP"), the Structural Steel and Façade ("SSF") segments and contributions from our strategic investments.

The Group's revenue from continuing operations decreased by 27% year-on-year from S$86.0 million to S$62.7 million on weaker performance of both the CP and SSF segments.

Gross profit from continuing operations dropped 40% to S$15.2 million mainly due to sub-optimal capacity utilisation and pricing pressures as a result of the challenging business environment. Gross profit margin for FY15 was also lower at 24% compared with 29% in FY14.

Other income decreased by 66% to S$0.7 million in FY15 due to the absence of the compensation received in FY14 from the vendor of one of the Group's investment (non-recurring income) following the shortfall of the lease extension; lower service income from SSF segment as it had to commence its plant redevelopment project and lower income from scrapped items.

Total operating expenses increased by 10% year-on-year to S$20.5 million in FY15 from S$18.7 million in FY14. This was mainly due to higher other operating expenses, which were partly offset by lower administrative, selling and distribution expenses.

Administrative expenses decreased by 6% to S$9.5 million due to cost control measures while selling and distribution expenses dropped by 21% to S$824,000, in line with lower business volume across all business segments.

Other operating expenses increased by 34% to S$10.1 million mainly due to S$2.7 million of impairment of the goodwill on acquisition of Eastern Tankstore in 2012 and impairment of accounts receivable of S$2.5 million in the SSF segment offset by lower amortisation (S$1.5 million) of the fair value of SSF order book at acquisition as required by FRS 103 and lower business operating costs from cost rationalisation.

Finance cost decreased by 33% to S$100,000 in FY15 from S$150,000 in FY14 due to lower borrowings.

Share of profit of associated companies increased to S$13.8 million in FY15, largely derived from the recognition of profits from the Heron Bay Condominium Project as the project received its temporary occupation permit in the fourth quarter of 2015.

As such, profit from continuing operations came in at S$9.0 million in FY15, compared with S$7.8 million in FY14.

The Group maintained a strong financial position with its balance sheet strengthened with net assets growing from S$152.2 million to S$220.0 million, translating into a net asset value per share of 35.98 Singapore cents. With the sale of the RP business, the Group's cash position increased from S$39.1 million as at 31 December 2014 to S$103.8 million as at 31 December 2015.

SEGMENTAL RESULTS

Continuing Operations

S$'000	FY15	FY14	Change
Corrosion Prevention (CP)			
– Revenue	23,020	33,377	(31%)
– Gross Profit	6,289	11,614	(46%)
Structural Steel & Facade (SSF)			
– Revenue	38,827	51,693	(25%)
– Gross Profit	8,827	13,227	(33%)

Corrosion Prevention (CP)

The Group's CP segment posted a 31% decline in FY15 revenue to S$23.0 million, mainly due to the global slowdown in the offshore and marine sectors, the weak performance of the construction and infrastructure industries, and the overall competitive business environment.

Consequently, gross profit for the CP segment decreased by 46% to S$6.3 million in FY15, from the weak business environment and intense competition. Gross margin was lower at 27% for FY15, compared with 35% in FY14.

Structural Steel & Facade (SSF)

A slowdown exacerbated by intense competition in the domestic construction and infrastructure sectors continued to impact the Group's SSF segment that saw revenue decrease by 25% to S$38.8 million in FY15.

Gross profit fell by 33% to S$8.8 million in FY15. Gross margin dipped to 23% in FY15, from 26% in FY14.

OUTLOOK

The Group expects the business landscape in FY16 to remain challenging in the face of domestic and global economic volatility, intense competition and depressed oil prices that will continue to impact the Group's operating performance.

The Group's SSF segment is facing margin pressure in an increasingly competitive industry. To mitigate these challenges, the SSF Division has taken appropriate action to stay efficient and nimble while managing to secure a stable order book for FY16.

The depressed marine, offshore and oil & gas sector will continue to impact the Group's CP business in FY16. In addition, the hike in foreign worker levies and foreign worker dependency ratios are expected to increase CP's operating cost. Faced with these challenges, the Group will continue its cost rationalisation exercise and enhance productivity to maintain an appropriate and efficient cost structure while it focuses on expanding and diversifying its customer base.

With the divestment of the RP segment, which contributed 81% of revenue in FY14, there is a need for the Group to explore new growth opportunities such as renewable energy as well as the planned extension of the Group's SSF business into the higher value-added Pre-fabricated Pre-finished Volumetric Construction ("PPVC") segment.

SHS has identified these two growth areas as it foresees strong demand for such solutions. PPVC, where building units are put together off-site and assembled on-site, has been identified by the government as a labour-efficient technology to improve productivity in the construction sector.

The outlook for renewable energy in Asia is also positive as the region faces growing population and environmental issues. This has prompted governments to turn to renewable energy such as solar energy to meet energy demand.

The Group is hopeful that its initiatives to move into PPVC and renewable energy will bear fruit in the next few years and seek shareholders' support as it strives to inject new growth engines into the Group.

BOARD OF DIRECTORS

MR CHEW HOE SOON

Non-Executive and Non-Independent Chairman

Mr Chew Hoe Soon was appointed as Non-Executive and Non-Independent Director of SHS Holding Ltd. on 6 February 2015 and re-designated to Non-Executive and Non-Independent Chairman on 12 August 2015. He is a shareholder and Executive Director of various companies in Singapore engaged in the business of marine waste disposal, petroleum trading, oil tank storage and bunkering. Mr Chew's experience and knowledge will be invaluable to the Board as it seeks new growth opportunities in areas that are synergistic with the existing core businesses of the Group.

MR GOH KOON SENG

Executive Director & Group Chief Financial Officer

Mr Goh Koon Seng was appointed as Executive Director of SHS Holdings Ltd. on 12 July 2010. Effective from 31 December 2015, Mr Goh is designated Director and Group Chief Financial Officer and is responsible for all financial aspects of the Group, including financial planning and analysis, corporate finance and accounting, internal controls, financial reporting and treasury functions. Between 12 July 2010 and 30 December 2015, Mr Goh was the designated Director and Group Chief Operating Officer responsible for the management of the day-to-day business operations of the corrosion prevention business as well as supporting the Executive Chairman and Group CEO in carrying out their roles and responsibilities and on the Group's corporate and business development matters. From 2006 to 2007, Mr Goh was the Group's Chief Financial Officer and Joint Company Secretary. He rejoined the Group from Jiutian Chemical Group Limited where he was Chief Financial Officer from 2007 to 2010. Mr Goh was also previously the General Manager (Singapore, Indonesia, Philippines and Brunei) of Cerebos Pacific Ltd, where he held a number of senior finance and management positions over a span of 16 years from 1990. He holds a Bachelor of Accountancy degree (Honours) from the National University of Singapore. He is a Certified Public Accountant and a member of the Institute of Singapore Chartered Accountants.

MR NG HAN KOK, HENRY

Executive Director & Group Chief Executive Officer

Mr Henry Ng was appointed as Executive Director of SHS Holdings Ltd. on 3 January 2014 and Group Chief Executive Officer on 28 February 2014. As Group Chief Executive Officer, Mr Ng is responsible for making strategic proposals to the Board and implementing the Group's strategies, policies and Board's decisions. The Group CEO assumes the executive responsibilty for the day-to-day management of the Group, with the support of Executive Directors and key management. He leads the development of the Group's growth strategy including identifiying and assessing risks and opportunity of growth of existing business and new businesses and reviewing the performance of its existing businesses. Mr Ng is the founder and Managing Director of Hetat Holdings, the Group's structural steel & facade business. He is a veteran in the construction industry and has extensive experience of over 20 years in the related field of steel, aluminium and glass structures. He holds a Bachelor of Science (Building) honours degree from the University of Reading in the United Kingdom.

MR LIM SIOK KWEE, THOMAS

Executive Director and CEO Corrosion Prevention Services

Mr Thomas Lim was appointed as Executive Director and CEO Corrosion Prevention Services of SHS Holdings Ltd. on 30 December 2015.

He is the founder of the Company and was the Company's Executive Chairman from 29 April 2009 to 29 April 2013 and from 22 July 2013 to 27 April 2015. He has over 30 years' experience in corrosion prevention business and was the driving force in the Group's development and growth during the early years. He was also instrumental in the diversification of the Group's business into the offshore and construction sectors.

MR LEE GEE AIK

Independent Director

Lee Gee Aik was appointed as an Independent Director and Chairman of the Audit Committee of SHS Holdings Ltd. on 24 July 2015. He is also a member of Remuneration Committee. Mr Lee has over 30 years of extensive and varied experience in accounting, tax and financial matters, having previously worked with one of the Big Four accounting firms both in its Singapore and US offices and as a regional financial controller for about 5 years in the hospitality industry.

Mr Lee is a Fellow of the Association of Chartered Certified Accountants (UK) and the Institute of Singapore Chartered Accountants. He also obtained a Master in Business Administration from The Henley Management College, United Kingdom. Mr Lee is currently a director of R Chan & Associates PAC, a member firm of the Morison KSI network of accountants. He has been re-appointed by the Ministry of Health to serve as Lay Person member of the Complaints Panel of the Singapore Pharmacy Council from 1 May 2014 to 30 April 2017. He is also independent director of Anchun International Holdings Limited, Uni-Asia Holdings Limited, International Healthway Corporation Limited, Astaka Holdings Limited and LHN Limited.

MR OH ENG BIN, KENNETH

Independent Director

Mr Kenneth Oh was appointed as Independent Director of SHS Holdings Ltd. on 14 January 2014. He is currently the Chairman of the Remuneration Committee and members of the Audit and Nominating Committee. Mr Oh is a senior partner in Rodyk & Davidson LLP's Corporate Practice Group, China Practice and Indonesia Practice. He has been in legal practice since 1999. Mr Oh practises mainly in the areas of corporate finance and mergers & acquisitions, with a focus on equity capital markets transactions involving IPOs and RTOs of Singapore and foreign companies, as well as secondary capital market issues including secondary listings, secondary post-listing fund raising and post-listing advisory and compliance. Mr Oh also advises on capital markets licensing and compliance, and on a wide range of general corporate advisory work for both public listed and private companies including private equity investments, joint ventures, corporate restructurings, debt restructuring and franchising. Mr Oh holds a Bachelor of Law degree (Honours) from the National University of Singapore and is admitted to the Singapore Bar.

DR LEE KUO CHUEN DAVID

Independent Director

Dr Lee Kuo Chuen was appointed as Independent Director of SHS Holdings Ltd. on 1 October 2013. He is currently the Chairman of the Nominating Committee and members of the Remuneration and Audit Committees. Dr Lee has over 20 years of experience in financial modeling, portfolio allocation and alternative investments. He was a Director of Sim Kee Boon Institute for Financial Economics and currently a Practice Professor of Quantitative Finance at the Singapore Management University. Prior to that, Dr Lee was a Director of Ferrell Asset Management which he founded in 1999, Managing Director of Fraser Asset Management and Director of Institutional Sales at Fraser Securities. Dr Lee also has a wealth of experience in property and consumer sectors. Between 2006 and 2007, he was Managing Director and Chief Executive Officer of Overseas Union Enterprise Limited. Prior to that, he was the Group Managing Director of Auric Pacific Group Limited. Dr Lee is currently an independent director of HLH Group Limited. Dr Lee holds a PhD in Econometrics and Applied Economics from the London School of Economics and Political Science, and a Master of Science in Econometrics and Mathematical Economics from the University of London.

GROUP MANAGEMENT AND PERSONNEL

SHS GROUP

MR. NG HAN KOK, HENRY
Executive Director & Group Chief Executive Officer

MR. GOH KOON SENG
Executive Director & Group Chief Financial Officer

MR. LIM SIOK KWEE, THOMAS
Executive Director & CEO Corrosion Prevention Services

STRUCTURAL STEEL & FACADE

MR. NG HAN KOK, HENRY
Executive Director & Group Chief Executive Officer

MR. GOH KOON SENG
Executive Director & Group Chief Financial Officer

MR. WANG FENG JUNG, WILLIE
Contracts & Commercial Director

MR. CHENG CHEE CHAI
Engineering & Production Director

MR. LIM SOCK KWANG, ALAN
Project Director

MR. LEE YIN YEE, PHILIP
Chief Financial Officer

MS. KOH NGA KHENG, SELINA
Technical Controller

MS. SEE BEE LIAN
Procurement Manager

MR. YANNAM SWARNY REDDY
Production Manager

MS. CH'NG SAI LIAN, ADELINE
Human Resource Manager

MS. ALICE LEE SIAN YIAN
Finance Manager

CORROSION PREVENTION

MR. LIM SIOK KWEE, THOMAS
Executive Director & CEO Corrosion Prevention Services

MR. GOH KOON SENG
Executive Director & Group Chief Financial Officer

MR. TAN TECK SENG, RONNIE
General Manager (Trading)

MR. LEOW KIM HOCK
General Manager (Project & Technical)

MR. TANG ANN THEW, ANDREW
Marketing Manager (Plant Operations)

MR. RONEE RANDEY
Production Manager (Plant Operations)

MR. GOH SIA TECK
Commercial Manager (Site)

MS. TEO SOO FANG, TRACY
Finance Manager

MS. CH'NG SAI LIAN, ADELINE
Human Resource Manager

MR. LEE TAI HUAT
Security & Manpower Manager

MR. MAHALINGAM KALIMUTHU KUMAR
Safety Manager

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chew Hoe Soon
Non-Executive and Non-Independent Chairman

Ng Han Kok, Henry
Executive Director & Group Chief Executive Officer

Goh Koon Seng
Executive Director & Group Chief Financial Officer

Lim Siok Kwee, Thomas
Executive Director & CEO Corrosion Prevention Services

Lee Gee Aik
Independent Director

Lee Kuo Chuen, David
Independent Director

Oh Eng Bin, Kenneth
Independent Director

AUDIT COMMITTEE

Lee Gee Aik *(Chairman)*
Lee Kuo Chuen, David
Oh Eng Bin, Kenneth

NOMINATING COMMITTEE

Lee Kuo Chuen, David (Chairman)
Oh Eng Bin, Kenneth
Ng Han Kok, Henry

REMUNERATION COMMITTEE

Oh Eng Bin, Kenneth *(Chairman)*
Lee Gee Aik
Lee Kuo Chuen, David

COMPANY SECRETARIES

Wan Tiew Leng, Lynn
Ng Tze Lee

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AUDIT PARTNER-IN-CHARGE

Christopher Bruce Johnson
Date of appointment: 24 July 2012

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65 Chulia Street
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80 Raffles Place
UOB Plaza 1
Singapore 048624

DBS Bank Ltd
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

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PROXY FORM

CORPORATE GOVERNANCE REPORT

The Board of Directors of SHS Holdings Ltd. is committed to maintain a high standard of measures, practices and transparency in the disclosure of material information in line with those set out in the Code of Corporate Governance 2012 (the "2012 Code") revised by the Monetary Authority of Singapore on 2 May 2012.

The following report outlines the Company's corporate governance processes and structures that were in place throughout the financial year with specific reference made to the principles and guidelines of the 2012 Code.

A. BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board's primary role is to protect and enhance long-term shareholder value. To fulfill this role, the Board is responsible for setting the Group's corporate governance practices and overall strategic direction, establishing goals and monitoring the achievement of the goals.

For more effective and efficient management, the Board has established a number of Board committees to assist in the execution of the Board's responsibilities. Those committees include the Audit, Nominating and Remuneration Committees function within clearly defined terms of reference which are reviewed on a regular basis. The terms of reference for the respective committees have incorporated the guidelines under the 2012 Code.

The Board meets at least four times a year and at other times as appropriate to address any specific significant matters and is responsible for the overall management of the Group. Apart from its statutory responsibilities, the Board approves the Group's business objectives, strategic plans, key initiatives, implementation plans, funding decisions, major investment and divestment decisions, appointment and remuneration of Directors, and ensure that the structure of the practices of the Board provide for sound corporate governance. In addition, the Board also reviews the Group's financial and operational matters, oversees the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfies itself as to the adequacy of such processes.

All Directors receive appropriate training to develop their individual skills, knowledge and competence necessary to be effective in their roles. The Company also provides ongoing updates and briefings particularly, on relevant new laws, regulations and changing commercial risks, from time to time, to enable them to make well-informed decisions.

The Constitution of the Company allows Board meetings to be conducted by way of a teleconference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other.

CORPORATE GOVERNANCE REPORT

The number of Board and Board committee meetings held in the financial year ended 31 December 2015 and the attendance of each Director are as follows:

	Board	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
No. of meetings held	6	5	1	2
Directors	No. of meetings attended			
Chew Hoe Soon[1]	5	–	–	–
Ng Han Kok, Henry	6	–	–	–
Goh Koon Seng	6	–	–	–
Lim Siok Kwee, Thomas[2]	2	–	1	–
Lee Kuo Chuen, David	6	5	1	2
Oh Eng Bin, Kenneth	6	5	–	2
Lee Gee Aik[3]	2	2	–	–
Teo Choon Kow, William[4]	2	2	1	1
Ng Keng Sing[5]	1	–	–	–

1 Mr Chew Hoe Soon was appointed on 6 February 2015

2 Mr Lim Siok Kwee was not being re-elected at the Annual General Meeting held on 27 April 2015 and was re-appointed in the Extraordinary General Meeting held on 30 December 2015

3 Mr Lee Gee Aik was appointed on 24 July 2015

4 Mr Teo Choon Kow, William had retired on 27 April 2015

5 Mr Ng Keng Sing had resigned on 18 March 2015

Principle 2: Board Composition and Guidance

Independent Directors make up at least one-third of the Board which comprises seven Directors, four of whom are Non-executive Directors as shown in the table below. All Directors are required to disclose any relationships or appointments which would impair their independence to the Board timely. The independence of each Director is reviewed annually by the Nominating Committee which has determined that no individual or small group of individuals dominates the Board's decision making. Among the Directors are experienced business leaders, financial and legal professionals.

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The Nominating Committee as well as the Board is of the view that the current Board size is appropriate and effective, taking into account the scope and nature of the Company's operations, and that the current Board comprises persons who as a group provide core competencies necessary to meet the Company's objectives. The profiles of the Directors are set out on page 10 and 11 of this Annual Report.

Name	Board of Committee as chairman or member	Directorship: Date of first appointment	Directorship: Date of last re-election	Board Appointment whether executive or non-executive/ independent	Due for re-election at forthcoming Annual General Meeting
Chew Hoe Soon	–	6 February 2015	27 April 2015	Non-Independent and Non-Executive chairman	–
Ng Han Kok, Henry	Member of NC	3 January 2014	29 April 2014	Executive Director	–
Goh Koon Seng	–	12 July 2010	29 April 2014	Executive Director	28 April 2016
Lim Siok Kwee, Thomas	–	30 December 2015	–	Executive Director	–
Lee Gee Aik	Chairman of AC and member of RC	24 July 2015	–	Independent Director	28 April 2016
Lee Kuo Chuen, David	Chairman of NC and member of AC and RC	1 October 2013	29 April 2014	Independent Director	28 April 2016
Oh Eng Bin, Kenneth	Chairman of RC and member of NC and AC	14 January 2014	29 April 2014	Independent Director	–

Key information of the Directors are set out on pages 10 and 11 of the Annual Report.

CORPORATE GOVERNANCE REPORT

Principle 3: Role of Chairman and CEO

The Chairman and Group CEO are separate persons and are not related to each other. Mr Chew Hoe Soon is the non-executive and non-independent Chairman. Mr Ng Han Kok, Henry is the Group CEO. The respective roles of Chairman and Group CEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Chairman, Mr Chew Hoe Soon plays a key role in providing leadership to the board. The Chairman is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. He works closely with the Board to implement the policies set by the Board to realise the Group's vision. He also promotes a culture of openness and debate at the Board and encourages constructive relations within the Board and between the Board and Management.

The Group CEO, Mr Ng Han Kok, Henry is responsible for making strategic proposals to the Board and implementing the Group's strategies, policies and Board's decisions. The Group CEO assumes the executive responsibility for the day-to-day management of the Group, with the support of Executive Directors Mr Lim Siok Kwee, Thomas and Mr Goh Koon Seng. He leads the development of the Group's future strategy including identifying and assessing risks and opportunity of growth of existing business and new business and reviewing the performance of its existing businesses.

Principle 4: Board Membership

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

- Lee Kuo Chuen, David (Chairman)
- Oh Eng Bin, Kenneth
- Ng Han Kok, Henry

The terms of reference for the NC had been amended to be in line with the recommendations of the 2012 Code. The principal functions of the NC are summarized as follows:

i. Reviews and makes recommendations to the Board on all Board appointments;

ii. Reviews and recommends newly-appointed Directors and Directors retiring by rotation for re-election at regular intervals;

iii. Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustment that are deemed necessary;

iv. Determines the independence of each Director;

v. Assesses the effectiveness of the Board and its Board committees, the performance and contribution of each Director;

vi. Decides whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple Board representations; and

vii. Reviews training and professional development programs for the Board.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

In accordance with Article 90 of the Company's Constitution, one-third of the Directors (other than the Managing Director) who are eligible for re-election must retire by rotation at every Annual General Meeting ("AGM"). The retiring Director who is eligible will offer himself for re-election.

By virtue of Article 96 of the Company's Constitution, any person so appointed by the Directors to fill a casual vacancy or as an additional Director shall hold office only until the next Annual General Meeting 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.

The NC has recommended the nomination of Directors under Article 90 and Article 96 of Company's Constitution, namely Mr Goh Koon Seng, Mr Lee Kuo Chuen, David and Mr Lee Gee Aik, respectively, for re-election at the forthcoming Annual General Meeting. They had duly abstained from making recommendations on their own nominations.

Annually, each independent director is required to complete a Director's independence checklist to confirm his independence. The checklist is drawn up based on the guidelines provided in the code of Corporate Governance. Thereafter, the NC reviews the Checklist completed by director, assess the independence of the directors and recommend its assessment to the Board.

The NC has guidelines addressing competing time commitments faced when Directors serve on multiple listed company boards or have other principal commitments. Each Director is required to disclose to the NC his board representation. The NC has reviewed and is satisfied that Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge his duties as director of the Company. It is not necessary to prescribe a maximum number of listed company board representations a Director may hold.

Principle 5: Board Performance

On an annual basis, the NC assesses the performance and effectiveness of the Board as a whole as well as the contribution of each individual director. The assessment process involves evaluation against a set of objective, quantitative and qualitative performance criteria proposed by the NC and approved by the Board.

The assessment parameters include objective performance criteria, which allow comparison with the Company's peers, attendance at meetings of the Board and Board Committees, contributions and participation at meetings, ability to make informed decisions and level of comprehension of legal, accounting and regulatory requirements affecting the Group.

The NC has conducted a Board performance evaluation to assess the effectiveness of the Board in FY2015 and is satisfied that sufficient time and attention have been given by the Directors to the affairs of the Group.

CORPORATE GOVERNANCE REPORT

Principle 6: Access to Information

Directors are updated regularly on the latest corporate governance, changes in listing rules and regulations, performance, business conditions and outlook of the Group. Directors have separate and independent access to the senior management, the Company Secretary and internal and external auditors of the Group at all times and are encouraged to speak to other employees to seek additional information if they so require. Directors, either individually or as a Group, in the furtherance of their duties, can take independent professional advice, if necessary, at the Company's expense.

To assist the Board in its discharge of its duties and responsibilities, all Directors are provided with complete, adequate and timely information prior to Board meetings. The annual calendar of Board activities is set in advance. Board papers are dispatched to Directors at least 3 days in advance before Board meetings so that Directors have sufficient time to consider the background and explanatory information relating to matters to be tabled and discussed at relevant Board meetings. Management also provides the Executive Board members with monthly management accounts, and information on major development and material transaction are circulated to Directors when they arise.

The Company Secretary attends Board and Board Committees meetings. The Company Secretary prepares the minutes, development of the agenda for the various meetings and assists in coordination and liaison between the Board, the Board Committees and management. The role of the Company Secretary includes responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. The Company Secretary also assists Chairman and the Board in implementing and strengthening corporate governance practise and processes. Under the direction of the Chairman, the Company Secretary also ensures good information flows within the Board and its Board Committees and between Management and Independent Directors.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Remuneration Committee (the "RC") comprises entirely of Independent Directors:

- Oh Eng Bin, Kenneth (Chairman)
- Lee Gee Aik
- Lee Kuo Chuen, David

The terms of reference for the RC had been amended to be in line with the recommendations of the 2012 Code. The duties of the RC include:

- to recommend to the Board, a framework of remuneration for all Directors and key management personnel, and to determine specific remuneration packages for each Executive Director. RC's recommendations will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. RC's review covers all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;

- to review the remuneration of key management personnel; and

- to function as "the Committee" referred to in the SHS Employees' Share Option Scheme ("the Scheme") and shall have all the powers as set out in the Scheme as per Circular dated 22 September 2008.

As part of its review, the RC shall ensure that:

- all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are covered;

- the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Executive Directors' and key management personnel's performances; and

- the remuneration package of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC's recommendations are made in consultation with the Chairman and submitted for endorsement by the entire Board. Annual reviews of the compensation of Directors are also carried out by the RC to ensure that the remuneration of Executive Directors and key management personnel are commensurate with their performance and value add to the Group, giving due regard to the financial and commercial health and business needs of the Group.

The Company adopts a remuneration policy for Executive Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company and individual performance. The RC recommends to the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but is not limited to Directors' fees, salaries, allowances, bonuses, share options, and benefits-in-kind and specific remuneration packages for each Director.

The Company is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

The RC from time to time and where necessary seeks advice from external remuneration consultants in framing the remuneration policy and determining the level and mix of remuneration for Director and key management personnel.

The RC has access to both internal and external expert advice on human resource matters whenever there is a need to consult. During FY2015, the RC appointed an external consultant-HRnet One Pte Ltd to provide advice on market practice and benchmark data on the Group Chief Executive Officer's compensation. The consultants who carried out the review do not have any connection with the Group or any Directors which could affect their independence and objectivity.

CORPORATE GOVERNANCE REPORT

Non-Executive Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as responsibilities, effort and time spent for serving on the Board and Board Committees. Directors' fees are recommended by the Board for approval at the AGM.

The remuneration of Directors and the top 5 key management personnel of the Company for the year ended 31 December 2015 are set out below:

Remuneration band and name	Fees	Salary	Bonus	Others[1]	Total
Directors – From S$1,250,000 to S$1,500,000					
Ng Han Kok, Henry	–	44%	55%	1%	100%
Directors – From S$750,000 to S$1,000,000					
Goh Koon Seng	–	33%	65%	2%	100%
Directors – From S$500,000 to S$749,999					
Lim Siok Kwee, Thomas[2]	–	40%	58%	2%	100%
Directors – Below S$250,000					
Lee Kuo Chuen, David	100%	–	–	–	100%
Oh Eng Bin, Kenneth	100%	–	–	–	100%
Chew Hoe Soon[3]	100%	–	–	–	100%
Lee Gee Aik	100%	–	–	–	100%
Teo Choon Kow, William[4]	100%	–	–	–	100%
Ng Keng Sing[5]	–	97%	–	3%	100%
Top 5 Management Personnel – From S$500,000 to S$749,999					
Fong Wei Seong[6]	–	43%	54%	3%	100%
Top 5 Management Personnel – From S$250,000 to S$499,999					
Lui Shuet Hung, Jackie	–	66%	33%	1%	100%
Leong Kim Yen, Sandy	–	66%	30%	4%	100%
Lim Liang Soon, Peter	–	62%	36%	2%	100%
Thong Kum Pue, Steven	–	59%	37%	4%	100%

(1) Include employer contribution to the Central Provident Fund and benefits-in-kind such as club memberships, transport allowance and use of company vehicles etc.

(2) Mr Lim Siok Kwee, Thomas was not being re-elected at the Annual General Meeting held on 27 April 2015 and was re-appointed in the Extraordinary General Meeting held on 30 December 2015

(3) Mr Chew Hoe Soon was appointed on 6 February 2015

(4) Mr Teo Choon Kow, William had retired on 27 April 2015

(5) Mr Ng Keng Sing had resigned on 18 March 2015

(6) Mr Fong Wei Seong had resigned on 31 December 2015

The Company has disclosed the remuneration of each Director and top 5 key management personnel in bands of S$250,000 and is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the management and employees of the Group.

CORPORATE GOVERNANCE REPORT

Remuneration paid to Non-Executive Directors comprised solely Directors' fees. These fees were approved by the shareholders in the AGM held on 27 April 2015.

The annual aggregate remuneration paid to Directors and top 5 key management personnel of the Company for the financial year ended 31 December 2015 is disclosed under Note 33 of the Notes to Financial Statements.

There were two employees who are immediate family members of a Director of the Company and whose remuneration exceeds S$50,000 for the financial year ended 31 December 2015. The details of these two employees and their remunerations are as follows:–

Name	**Family relationship**	**Designation**
From S$50,000 to S$100,000		
Goh Sia Teck	Nephew of Executive Director	Manager (Operations)
Lim Peng Cheng	Nephew of Executive Director	Assistant Production Manager

Shareholders' approval will be sought at the forthcoming Annual General Meeting on 28 April 2016 for the payment of the proposed fees to Non-Executive Directors for the financial year ending 2016 and the payment of additional Directors' fees for the financial year ended 31 December 2015.

Shareholders' approval was previously obtained for the implementation of the SHS. Employees' Share Option Scheme. Details of the share option scheme are set out in the Directors' Statement.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board endeavors to provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis. The Company has adopted quarterly results reporting. News releases and quarterly results announcements are published through SGXNET. Results for the first three quarters are released within 45 days from the end of the quarter, and full-year results within 60 days from the financial year end. For the full financial year under review, the Board will provide shareholders reassurance that in their opinion, the financial statements presented give a true and fair view of the state of affairs of the Group and of the Company. For interim financial statements, the Board provides negative assurance confirmation to the shareholders for the same. This is in compliance with the listing rules.

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

Principle 11: Risk Management and Internal Controls

The Company has an Enterprise Risk Management Framework in place for the Group. The said Framework has been reviewed by the AC and approved by the Board. The AC and the Board will continually assess the adequacy and effectiveness of the risk management framework and processes.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard the interests of the shareholders and the Group's assets.

CORPORATE GOVERNANCE REPORT

Both the Company's internal auditors, Crowe Horwath First Trust Risk Advisory Pte. Ltd., and external auditors, Moore Stephens LLP (to the extent as required by them to form an audit opinion on the statutory financial statements) have conducted an annual review of the effectiveness of the Group's key internal controls, including financial, operational and compliance controls and risk management. Any areas of review where the existing control can be enhanced to enable the process to operate more effectively and efficiently, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

During the financial year, the Group's external and internal auditors had conducted an annual review of the adequacy and effectiveness of the Group's internal controls that address financial, operational, information technology and risks. No significant weaknesses were noted.

The Board has also received assurance from the Group CEO, Executive Directors and Group CFO that as at 31 December 2015:

(a) the financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2015 give a true and fair view of the Group's operations and finances; and

(b) the systems of internal controls and risk management in place were adequate and effective as at 31 December 2015, to address financial, operational, information technology and compliance risks of which considered relevant and material to its operations.

Management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the Group can make more informed decisions and benefit from a better balance between risk and reward. This will help protect and also create shareholders' value.

Based on the internal controls framework established, the independent review of the Group's governance and internal controls framework conducted by the internal and external auditors, and the assurance from the Management, the Board opines, with the concurrence of the AC, that there are adequate and effective controls in place within the Group addressing financial, operational, information technology, compliance risks and risk management systems within the current scope of the Group's business operations.

Principle 12: Audit Committee (the "AC")

The AC comprises of three Independent Directors:

- Lee Gee Aik (Chairman)
- Lee Kuo Chuen, David
- Oh Eng Bin, Kenneth

The Board is of the view that the AC members have sufficient financial management related expertise and experience to discharge the AC's function.

The overall objective of the AC is to ensure that Management has created and maintained effective control mechanisms within the Company and that such systems are strictly adhered to by all levels of Management and employees.

CORPORATE GOVERNANCE REPORT

The AC has the explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of, management and full discretion to invite any Director or senior manager to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

As a sub-committee of the Board, the AC provides a channel of communication between the Board, Management, the internal and external auditors with regards to findings and recommendations arising from internal and external audits.

The terms of reference for the AC had been amended to be in line with the recommendations of the 2012 Code. Specifically, the duties of the AC include:–

- assists the Board in discharging its statutory responsibilities on financial and accounting matters;
- reviews the financial and operating results and accounting policies of the Group;
- reviews significant financial reporting issues and judgments relating to financial statements for each financial year, interim and annual results announcement of financial statements before their submission to the Board for approval and the external auditors' report on the financial statements;
- reviews the adequacy of the Group's internal controls (financial, operational, compliance and information technology controls) and risk management via reviews carried out by the internal auditors;
- considers and reviews the assistance given by Management of the Group to the auditors;
- reviews the external audit plans and the review results of the external auditors' examination and evaluation of the Group's internal control system;
- reviews the audit plans and reports of the external auditors and considers the effectiveness of the actions taken by management on auditors' recommendations;
- recommends the re-appointment of the external auditors;
- reviews interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;
- reviews the internal audit plan and findings of the internal audit; and
- ensures that the nature and extent of non-audit services provided by external auditors would not affect their independence as external auditors of the Company; and generally undertakes such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.

The AC meets with the external and internal auditors without the presence of the Company's Management at least once a year.

The Company has complied with Rule 712 and Rule 716 of the SGX-ST Listing Manual.

CORPORATE GOVERNANCE REPORT

There was no non-audit service provided by the external auditors to the Group in FY2015. On that basis, the AC is satisfied with the independence of the external auditors.

The details of audit services provided by the external auditors are outlined in Note 6 in the financial statements.

Principle 13: Internal Audit

The Company's internal audit function has been outsourced to Crowe Horwath First Trust Risk Advisory Pte. Ltd.. The internal auditor reports directly to the chairman of the AC on audit matters. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has the adequately resources to perform its functions.

The AC and the Board are satisfied that there are adequate internal controls in the Company.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing framework, endorsed by the AC where employees of the Company may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other legal or ethical issues and to ensure that procedures are in place to address them. The details of the whistle-blowing policy and reporting mechanisms have been made available to all employees.

The Whistle Blowing Officers are appointed members of the AC. Any Whistle Blowing Officer to whom a concern has been raised, is obliged to make a report to the Board of the substance of the concern without breaching employee confidentiality. The AC is obliged to review all reports received and take or approve the appropriate actions.

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Principle 15: Communication with Shareholders

Principle 16: Conduct of shareholders meetings

In line with the continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Rules and the Companies Act, the Board's policy is that all shareholders should be equally informed of all major developments that impact the Group.

Any major or material developments are first disseminated via SGXNET followed by a press release, whenever necessary.

Price sensitive information is first publicly released, either before the Group meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period. The Company does not practice selective disclosure of information.

Information on general meetings is disseminated through notices in the annual report or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers.

CORPORATE GOVERNANCE REPORT

At general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group and its businesses. Shareholders of the Company are allowed to appoint proxies to attend and vote on their behalf. The Company is open to meetings with investors and analysts, and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure.

During general meetings, separate resolutions for each distinct issue are tabled for shareholders' approval.

Directors, including the chairpersons of the Board and the respective committees are present at the annual general meetings to answer shareholders' questions. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

The Company's Constitution provides that shareholders of the Company are allowed to appoint proxies. Shareholders have the opportunity to participate effectively in and to vote at all general meetings. In addition, the Board had adopted poll voting during the year and the total number of votes cast for and against each resolution were announced after the general meetings.

SECURITIES TRANSACTIONS

The Company has a clear policy on the trading of its share by Directors and executives within the Group. The Company has adopted its own internal Code of Best Practices on Securities Transactions (the "Securities Transactions Code"); The Securities Transactions Code provides guidance to Directors and executives of the Group with regard to dealing in the Company's securities. It emphasises that the law on insider trading is applicable at all times, notwithstanding the window periods for dealing in the securities. The Securities Transactions Code also enables the Company to monitor such securities transactions by requiring employees to report to the Company whenever they deal in the Company's securities.

The Group issues circulars to its Directors, executives and employees informing them that they must not trade in the listed securities of the Company one month before the announcement of the Group's full year or two weeks before quarterly results and ending on the date of the announcement of such results. They are also encouraged not to deal in the Company's securities on short-term considerations.

Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions.

The Group has complied with the Securities Transactions Code.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

Interested person transactions entered into by the Group for the financial year ended 31 December 2015 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Director: Mr. Chew Hoe Soon Sales of goods to Company associated to the Director	S$127,000[(1)]	–

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

(1) Being the aggregate of several sales transactions, each of which are under S$100,000

MATERIAL CONTRACTS

There were no material contracts between the Company and its subsidiaries involving the interests of the Group CEO, directors and controlling shareholders that are still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

USE OF PROCEEDS

(A) The Company refers the announcements made on 12 September 2013, 3 December 2013, 7 December 2013, 16 December 2013, 2 January 2014, 7 January 2014 and 23 January 2014 and the circular to shareholders of the Company dated 16 December 2013 in relation to the subscription of 144,500,000 new ordinary shares in the capital of the Company.

The Company has fully utilised the net proceeds as follows:

	S$ million
Net Proceeds – Subscription of 144,500,000 new ordinary shares	35.17
Less: Acquisition of subsidiary – Hetat Holdings Pte Ltd	(33.52)
Less: Working capital	(1.65)
	–

(B) The Company refers the announcements made on 10 September 2014, 3 November 2014, 25 November 2014, 27 November 2014, 11 December 2014, and 18 December 2014 in relation to bonus warrants issue and wishes to provide an update on the net proceeds from the exercise of Warrants.

As at the date of report, total 10,096,883 have been converted to shares and the Company has utilised the net proceeds as follows:

Net Proceeds	**Amount raised (S$'000)**	**Amount utilised (S$'000)**
Exercise of Warrants	2,019	149
Total	2,019	149*

* The Company has utilised S$149,000 for disbursement incurred pertaining to warrant exercise such as warrants listing fees, transaction fees and professional fees.

The Company will make announcements on the utilisation of proceeds arising from the exercise of the warrants as may be necessary and/or appropriate in due course.

DIRECTORS' STATEMENT

The directors present their statement to the shareholders together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 38 to 121 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; 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.

1 Directors

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

Chew Hoe Soon	Non-Executive and Non-Independent Chairman (Appointed on 6 February 2015)
Ng Han Kok, Henry	Executive Director and Group Chief Executive Officer
Goh Koon Seng	Executive Director and Group Chief Financial Officer
Lim Siok Kwee, Thomas	Executive Director (Appointed on 30 December 2015)
Lee Gee Aik	Independent Director (Appointed on 24 July 2015)
Lee Kuo Chuen, David	Independent Director
Oh Eng Bin, Kenneth	Independent Director

2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

DIRECTORS' STATEMENT

3 Directors' Interests in Shares and Debentures

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had an interest in the shares and debentures of the Company and its related corporations, as follows:

	Holdings registered in the name of directors			Holdings in which a director is deemed to have an interest		
Name of Directors	**As at beginning of the year/ date of appointment**	**As at end of the year**	**As at 21/1/2016**	**As at beginning of the year/ date of appointment**	**As at end of the year**	**As at 21/1/2016**
Ordinary shares						
The Company						
Chew Hoe Soon	14,989,000	1,000,000	1,000,000	19,380,000	8,340,000	1,340,000
Ng Han Kok, Henry	23,042,526	36,259,527	36,259,527	65,844,527	54,828,826	57,135,826
Goh Koon Seng	130,000	130,000	130,000	–	–	–
Lim Siok Kwee, Thomas	3,470,575	–	–	350,000	6,020,575	6,020,575
Lee Gee Aik	–	–	–	–	–	–
Lee Kuo Chuen, David	–	–	–	–	–	–
Oh Eng Bin, Kenneth	–	–	–	–	–	–

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

4 Directors' Contractual Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm in which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in the financial statements and except that certain directors have an employment relationship with the Company and subsidiaries, and have received remuneration in that capacity.

5 Share Options

The SHS Employee Share Option Scheme

The SHS Share Option Scheme (the "Scheme") was approved and adopted by the members of the Company at an Extraordinary General Meeting held on 8 October 2008.

The Scheme provides a means to recruit and retain quality employees with talent that will assist the Group to realise its strategic and long-term business goals.

DIRECTORS' STATEMENT

5 Share Options (Cont'd)

The SHS Employee Share Option Scheme (Cont'd)

The Remuneration Committee (the "Committee") of the Company has been designated as the committee responsible for the administration of the Scheme. The selection of the participants in the Scheme and the grant of options are to be determined by the Committee at its absolute discretion. The Remuneration Committee comprises the following members:

Oh Eng Bin, Kenneth (Chairman)
Lee Gee Aik
Lee Kuo Chuen, David

The principal terms of the Scheme are:

(i) Scheme Size and Duration

The aggregate number of shares over which the Committee may grant options on any date, when added to the number of shares issued and issuable in respect of all options granted under the Scheme, shall not exceed ten per cent (10%) ("Maximum Limit") of the issued shares of the Company on the day immediately preceding the date of grant of the option. Any shares which are held as treasury shares will be disregarded for the purpose of computing the Maximum Limit.

The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the adoption date. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The Scheme may also be terminated at any time by the Committee or by resolution of the shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated; no further options shall be offered by the Company hereunder.

The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to options which have been granted and accepted, whether such options have been exercised (whether fully or partially) or not.

(ii) Eligibility to participate in the Scheme

Confirmed group employees (including Directors) who have attained the age of 21 years on or prior to the relevant date of grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of the Group for a period of at least twelve (12) months or such shorter period as the Committee may determine, shall be eligible to participate in the Scheme at the absolute discretion of the Committee.

Controlling shareholders and their associates (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited) are not entitled to participate in the Scheme.

5 Share Options (Cont'd)

The SHS Employee Share Option Scheme (Cont'd)

(iii) Grant of Options

The Committee may offer to grant options as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no option shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's interim and/or final results. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, an offer to grant options may only be made on or after the second Market Day (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited) on which such announcement is released.

(iv) Exercise Period

Subject to the other rules of the Scheme and any other conditions as may be introduced by the Committee from time to time, an option granted can be exercised by the option holder as follows:

(a) in the case of a market price option which is granted to a group employee, a period commencing after the 1st anniversary of the date of grant and expiring on the 4th anniversary of such date of grant; and

(b) in the case of a discount option which is granted to a group employee, a period commencing after the 2nd anniversary of the date of grant and expiring on the 5th anniversary of such date of grant.

(v) Exercise Price

The exercise price for each share in respect of which an option is exercisable shall be determined by the Committee, in its absolute discretion, on the date of grant, at:

(a) in the case of a market price option which is granted to a group employee, a price equal to the average of the last dealt prices of the shares of the Company on the SGX-ST for the three consecutive Market Days immediately preceding the date of grant ("Market Price"); or

(b) in the case of a discount option which is granted to a group employee, a price which is set at a discount not exceeding ten per cent (10%) of the Market Price.

(vi) Termination of Options

Special provisions in the rules of the Scheme deal with the lapse or earlier exercise of options in circumstances which include the termination of the participant's employment in the Company, the bankruptcy of the participant, the death of the participant, a take-over of the Company and the winding-up of the Company.

DIRECTORS' STATEMENT

5 Share Options (Cont'd)

The SHS Employee Share Option Scheme (Cont'd)

(vii) Acceptance of Options

The grant of options shall be accepted within 30 days from the date of offer. Offers of options made to grantees, if not accepted by the closing date, will lapse. Upon acceptance of the offer, the grantee must pay the Company a consideration of S$1.00.

Options Granted under the Scheme

During the financial year, no options to take up unissued shares of the Company and its subsidiaries were granted.

Options Exercised

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

Options Outstanding

During the financial year, there were no options to take up unissued shares of the Company and its subsidiaries were granted.

6 Warrants

On 18 December 2014, the Company issued 303,641,586 warrants pursuant to a bonus issue on the basis of one warrant for every two existing ordinary shares held in the capital of the Company. On 19 December 2014, the warrants were listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at the exercise price of S$0.20 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company.

At the end of the financial year, details of the unissued ordinary shares of the Company under warrants are as follows:

Date of issue	Warrants Outstanding at 1/1/2015	Warrants exercised	Warrants expired	Warrants Outstanding at 31/12/2015	Date of expiration
18/12/2014	303,641,586	(526,208)	–	303,115,378	Note 1

(Note 1: The date immediately preceding the 5th anniversary of the date of issue unless such date is not a market day, in which case the warrant will expire on the date prior to the closure of the Register of Members or the immediately preceding Market day.)

As at the end of the financial year, except as reported above, no other warrants to take up unissued shares of the Company were granted and no shares were issued by virtue of the exercise of warrants to take up unissued shares of the Company. Except for the abovementioned outstanding warrants, no other options to take up unissued shares of the Company were outstanding as at the end of the financial year.

DIRECTORS' STATEMENT

7 Audit Committee

The members of the Audit Committee (AC) at the end of the financial year were as follows:

Lee Gee Aik (Chairman)
Lee Kuo Chuen, David
Oh Eng Bin, Kenneth

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. Chapter 50, including the following:

(i) reviewed the audit plans of the internal and external auditors of the Company, and review of the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

(ii) reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Company before their submission to the board of directors;

(iii) reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management;

(iv) met with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these Groups believe should be discussed privately with the AC;

(v) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vi) reviewed the cost effectiveness and the independence and objectivity of the external auditors;

(vii) reviewed the nature and extent of non-audit services provided by the external auditors;

(viii) recommended to the Board of Directors the independent auditors to be nominated, approve the compensation of the auditors, and reviewed the scope and results of the audit;

(ix) reported actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate; and

(x) reviewed interested persons transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

There was no non-audit service provided by the external auditors to the Group. The AC is satisfied with the independence of the external auditors and has recommended to the Board of Directors that the independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, be nominated for reappointment at the forthcoming Annual General Meeting of the Company.

The AC has also conducted a review of interested person transactions.

DIRECTORS' STATEMENT

7 Audit Committee (Cont'd)

The Board, with the concurrence of the AC, is satisfied with the adequacy of the Company's internal controls, including financial, operational and compliance controls, and risk management systems as at 31 December 2015.

The AC convened five meetings during the year with full attendance from all members, except for one where a member was absent. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

8 Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

NG HAN KOK, HENRY

GOH KOON SENG

Singapore
31 March 2016

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SHS HOLDINGS LTD. (Incorporated in Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of SHS Holdings Ltd. (the "Company") and its subsidiary companies (collectively referred to as the "Group") as set out on pages 38 to 121, which comprise the statements of financial position of the Group and of the Company as at 31 December 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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 financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group 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.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	Group 2015 S$'000	Group 2014 (Restated) S$'000
Continuing operations			
Revenue	4	**62,727**	86,064
Cost of sales and services		**(47,529)**	(60,923)
Gross profit		**15,198**	25,141
Other income		**698**	2,033
Selling and distribution expenses		**(824)**	(1,038)
Administrative expenses		**(9,536)**	(10,097)
Other operating expenses		**(10,132)**	(7,575)
Finance costs		**(100)**	(150)
Share of profit/(loss) of associated companies, net of tax	11	**13,797**	(135)
Profit before income tax		**9,101**	8,179
Income tax	5	**(127)**	(381)
Profit for the year from continuing operations	6	**8,974**	7,798
Discontinued operation			
Profit for the year from discontinued operation	7	**48,703**	7,852
Total profit for the year		**57,677**	15,650
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Impairment loss on revaluation of property, plant and equipment	9	**(1,490)**	–
Income tax relating to components of other comprehensive income	27	**–**	18
		(1,490)	18
Items that may be reclassified subsequently to profit or loss:			
Realisation of exchange difference on disposal of subsidiaries	10	**(22)**	–
Exchange difference on translation of foreign operations		**250**	231
		228	231
Total comprehensive income		**56,415**	15,899
Profit for the year attributable to:			
Equity holders of the Company		**57,751**	15,670
Non-controlling interests		**(74)**	(20)
		57,677	15,650
Total comprehensive income attributable to:			
Equity holders of the Company		**57,219**	15,919
Non-controlling interests, net of income tax		**(804)**	(20)
		56,415	15,899
Earnings per share from continuing and discontinued operation attributable to equity holders of the Company:			
Basic	8	**9.53 cents**	2.59 cents
Diluted	8	**8.74 cents**	2.23 cents
Earnings per share from continuing operations attributable to equity holders of the Company:			
Basic	8	**1.49 cents**	1.29 cents
Diluted	8	**1.36 cents**	1.12 cents

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 S$'000	Group 2014 S$'000	Company 2015 S$'000	Company 2014 S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	9	**27,138**	39,748	**8,995**	12,181
Investment in subsidiaries	10	**–**	–	**53,447**	95,028
Investment in associates	11	**20,112**	4,527	**4,965**	3,177
Financial assets, available-for-sale	12	**19,712**	18,162	**17,136**	15,289
Club membership	10 (c)	**–**	125	**–**	–
Goodwill	13	**26,450**	37,177	**–**	–
Intangible assets	14	**110**	622	**–**	–
Other receivables and prepayments	18	**–**	612	**–**	–
Total Non-Current Assets		**93,522**	100,973	**84,543**	125,675
Current Assets					
Inventories	15	**4,083**	31,553	**–**	–
Trade receivables	16	**23,518**	67,852	**1,533**	5,614
Amounts due from subsidiaries	17	**–**	–	**12,690**	14,209
Other receivables and prepayments	18	**20,932**	14,068	**17,714**	7,337
Loan receivable from an associated company	19	**600**	600	**–**	–
Cash and cash equivalents	20	**103,755**	39,128	**92,222**	5,048
Total Current Assets		**152,888**	153,201	**124,159**	32,208
Total Assets		**246,410**	254,174	**208,702**	157,883
LIABILITIES AND EQUITY					
Current Liabilities					
Trade payables and accruals	22	**14,041**	29,312	**3,453**	2,143
Other payables	23	**2,383**	3,457	**338**	363
Amounts due to subsidiaries	17	**–**	–	**6,700**	9,028
Term loans	24	**150**	1,377	**–**	–
Other amounts due to bankers	25	**6,229**	59,821	**–**	3,807
Finance leases	26	**210**	292	**–**	–
Provision for taxation		**858**	3,907	**35**	94
Total Current Liabilities		**23,871**	98,166	**10,526**	15,435
Non-Current Liabilities					
Finance leases	26	**386**	258	**–**	–
Deferred income tax	27	**2,202**	3,503	**707**	1,084
Total Non-Current Liabilities		**2,588**	3,761	**707**	1,084
Total Liabilities		**26,459**	101,927	**11,233**	16,519

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group		Company	
		2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Capital, Reserves and Non-Controlling Interests					
Share capital	28	**143,730**	143,625	**143,730**	143,625
Treasury shares	29	**(3,226)**	(3,226)	**(3,226)**	(3,226)
Asset revaluation reserve	30	**1,748**	2,508	**2,874**	2,874
Foreign currency translation reserve	30	**1,400**	1,172	**–**	–
Other reserve	30	**–**	(16,687)	**3,297**	–
Retained earnings/(Accumulated losses)	30	**75,450**	23,358	**50,794**	(1,909)
		219,102	150,750	**197,469**	141,364
Non-controlling interests	10	**849**	1,497	**–**	–
Total Equity		**219,951**	152,247	**197,469**	141,364
Total Liabilities and Equity		**246,410**	254,174	**208,702**	157,883

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share Capital S$'000	Treasury Shares S$'000	Asset Revaluation Reserve S$'000	Foreign Currency Translation Reserve S$'000	Other Reserve S$'000	Retained Earnings S$'000	Total S$'000	Non-Controlling Interests S$'000	Total Equity S$'000
Balance at 1 January 2015	**143,625**	**(3,226)**	**2,508**	**1,172**	**(16,687)**	**23,358**	**150,750**	**1,497**	**152,247**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**57,751**	**57,751**	**(74)**	**57,677**
Other comprehensive income for the year, net of tax:									
– Impairment loss on revaluation of property, plant and equipment (Note 9)	**–**	**–**	**(760)**	**–**	**–**	**–**	**(760)**	**(730)**	**(1,490)**
– Income tax relating to components of other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– Realisation of exchange difference on disposal of subsidiaries (Note 10)	**–**	**–**	**–**	**(22)**	**–**	**–**	**(22)**	**–**	**(22)**
– Exchange difference on translation of foreign operations	**–**	**–**	**–**	**250**	**–**	**–**	**250**	**–**	**250**
Total comprehensive income for the year	**–**	**–**	**(760)**	**228**	**–**	**57,751**	**57,219**	**(804)**	**56,415**
Issuance of ordinary shares (Note 28)	**105**	**–**	**–**	**–**	**–**	**–**	**105**	**–**	**105**
Disposal of subsidiaries (Note 10)	**–**	**–**	**–**	**–**	**16,687**	**–**	**16,687**	**36**	**16,723**
Dividend paid (Note 35)	**–**	**–**	**–**	**–**	**–**	**(5,659)**	**(5,659)**	**–**	**(5,659)**
Capital contribution by non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**120**	**120**
Balance at 31 December 2015	**143,730**	**(3,226)**	**1,748**	**1,400**	**–**	**75,450**	**219,102**	**849**	**219,951**
Balance at 1 January 2014	94,953	(3,226)	2,490	941	(16,687)	13,347	91,818	1,517	93,335
Profit for the year									
Other comprehensive income for the year, net of tax:	–	–	–	–	–	15,670	15,670	(20)	15,650
– Income tax relating to components of other comprehensive income	–	–	18	–	–	–	18	–	18
– Exchange difference on translation of foreign operations	–	–	–	231	–	–	231	–	231
Total comprehensive income for the year	–	–	18	231	–	15,670	15,919	(20)	15,899
Issuance of ordinary shares (Note 28)	36,024	–	–	–	–	–	36,024	–	36,024
Issuance of ordinary shares as consideration paid for the acquisition of a subsidiary (Note 28)	13,500	–	–	–	–	–	13,500	–	13,500
Share issue costs (Note 28)	(852)	–	–	–	–	–	(852)	–	(852)
Dividend paid (Note 35)	–	–	–	–	–	(5,659)	(5,659)	–	(5,659)
Balance at 31 December 2014	143,625	(3,226)	2,508	1,172	(16,687)	23,358	150,750	1,497	152,247

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 S$'000	2014 S$'000
Cash Flows from Operating Activities			
Profit for the year		**57,677**	15,650
Adjustments for:			
Income tax expenses recognised in profit or loss		**1,979**	2,154
Amortisation of intangible asset	14	**512**	1,955
Depreciation of property, plant and equipment	9	**4,679**	5,049
Bad debts written-off		**82**	184
Inventory written-off		**227**	218
Property, plant and equipment written-off		**9**	28
Loss on disposal of property, plant and equipment		**20**	7
Gain on disposal of subsidiaries	10	**(35,322)**	–
Share of (profit)/loss of associated companies, net of tax	11	**(13,797)**	135
Impairment of club membership		**–**	70
Impairment loss on goodwill	13	**2,754**	–
Dividend income		**(526)**	–
Allowance for impairment of trade receivables	16	**3,489**	908
Interest expense		**1,166**	1,254
Interest income		**(85)**	(163)
Compensation received from acquiree		**–**	(425)
Allowance for stock obsolescence	15	**1,776**	398
Reversal of allowance on stock obsolescence	15	**(773)**	(738)
Reversal of impairment of trade receivables	16	**(80)**	(276)
Unrealised foreign exchange differences		**363**	(612)
Operating cash flows before working capital changes		**24,150**	25,796
Changes in working capital:			
Inventories		**(337)**	(3,788)
Receivables and prepayments		**6,083**	(2,980)
Payables		**(2,830)**	(2,836)
Cash generated from operations		**27,066**	16,192
Interest paid		**(1,166)**	(1,254)
Interest received		**46**	52
Income tax paid		**(2,936)**	(3,073)
Net cash generated from operating activities		**23,010**	11,917

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 S$'000	2014 S$'000
Cash Flows from Investing Activities			
Dividend received		**526**	–
Purchase of property, plant and equipment	9	**(3,457)**	(1,962)
Purchase of financial asset, available-for-sale	12	**(1,550)**	(3,607)
Proceeds from disposal of property, plant and equipment		**67**	507
Proceeds from compensation received from acquiree		**–**	425
Acquisition of associated company	11	**(1,788)**	(3,177)
Loan to investment company		**(734)**	(6,822)
Repayment from associated company		**–**	10,500
Net cash inflow on disposal of subsidiaries	10	**70,165**	–
Deposit held in escrow		**(10,000)**	–
Cash flow on acquisition of subsidiaries (net of cash acquired)	10	**–**	(27,194)
Net cash generated from/(used in) investing activities		**53,229**	(31,330)
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares		**105**	36,024
Payment for share issue costs		**–**	(852)
Dividend paid on ordinary shares		**(5,659)**	(5,659)
Repayment of obligations under finance leases		**(351)**	(432)
Repayment of term loans		**(1,227)**	(7,170)
Decrease in funds from trust receipts		**(2,429)**	(14,774)
Deposit of fixed deposits pledged to banks		**254**	(29)
Capital contribution from non-controlling interest		**120**	–
Net cash (used in)/generated from financing activities		**(9,187)**	7,108
Net increase/(decrease) in cash and cash equivalents		**67,052**	(12,305)
Effects of exchange rate changes on cash and cash equivalents		**(117)**	(139)
Cash and cash equivalents at the beginning of the year		**35,620**	48,064
Cash and cash equivalents at the end of the year	20	**102,555**	35,620

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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

1 Corporate Information

SHS Holdings Ltd. (the "Company") is listed on the Singapore Stock Exchange and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 81 Tuas South Street 5, Singapore 637651.

The principal activities of the Company are investment holding and those of grit blasting and painting. The principal activities of its subsidiaries are set out in Note 10 to the financial statements.

The consolidated financial statements of the Group for the year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on the date of the Directors' Statement.

2 Significant Accounting Policies

(a) Basis of Preparation

The financial statements, which are expressed in Singapore dollars, are prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or S$), which is the functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

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 areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) New or Revised FRS

FRS effective for annual periods beginning on or after 1 January 2015

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group and the Company adopted the following standards and interpretations that are mandatory for annual financial periods beginning on or after 1 January 2015.

2 Significant Accounting Policies (Cont'd)

(b) New or Revised FRS (Cont'd)

FRS effective for annual periods beginning on or after 1 January 2015 *(Cont'd)*

The adoption of these new or amended 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.

Amendments to FRS 24 *Related Party Disclosures*

The amendments clarify that an entity is a related of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or the parent company of the reporting entity. The amendments also clarify that the reporting entity that obtains the management personnel services from another entity (also referred to as the management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

Amendments to FRS 103 *Business Combinations*

The amendment clarifies that the formation of all types of joint arrangements (and not just joint ventures) are outside the scope of FRS 103. This scope exception applies only to the accounting in the financial statements of the joint arrangements itself.

Amendments to FRS 108 *Operating Segments*

Amendments to FRS 108 require entities to disclose the judgement made by management by aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share economic characteristics. The amendment also clarifies that an entity shall provide reconciliations of the total reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker.

FRSs issued but not yet effective

The Group and the Company have not adopted the following standards that have been issued but are not yet effective.

2 Significant Accounting Policies (Cont'd)

(b) New or Revised FRS (Cont'd)

FRSs issued but not yet effective (Cont'd)

Amendments to FRS 1 *Disclosure Initiative*

The amendments to FRS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments are not expected to result in significant changes as they appear to be consistent with general understanding of the current requirements of FRS 1.

The amendment is applicable to annual periods beginning on or after 1 January 2016. The Group is of the view that the adoption of the standard will not have any impact on the disclosures in the Group's financial statements.

Amendments to FRS 27 *Equity Method in Separate Financial Statements*

FRS currently does not permit companies to present separate financial statements using the equity method to account for investments in subsidiaries, associates and joint ventures. The amendments to FRS 27 allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The amendment is effective for annual periods beginning on or after 1 January 2016. The Group is of the view that the adoption of the standard will not have any impact on the disclosures, financial position and financial performance of the Group when implemented.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

a. changes from financing cash flows;
b. changes arising from obtaining or losing control of subsidiaries or other businesses;
c. the effect of changes in foreign exchange rates;
d. changes in fair values; and
e. other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities.

The amendments are effective for annual periods beginning on or after 1 January 2017. Early application is permitted. Comparative information for earlier periods is not required.

2 Significant Accounting Policies (Cont'd)

(b) New or Revised FRS (Cont'd)

FRSs issued but not yet effective (Cont'd)

Amendments to FRS 12 *Income Taxes*

The amendments clarify the application of FRS 12 to unrealised losses on debt investments, and the assessment of future taxable profits against which deferred tax assets can be recognised. specifically:

a. Deductible temporary differences will result from unrealised losses on debt investments measured at fair value in financial statements, but measured at cost for tax purposes. This is regardless of how the entity intends to realise the investment.

b. Estimates of future taxable profits used to assess recoverability of deferred tax assets resulting from deductible temporary differences:

   i. includes profits on the recovery of assets for more than their carrying amount if such recovery is probable;

   ii. includes only income types against which those temporary differences qualify to be deducted under tax legislation; and

   iii. excludes tax deductions resulting from the reversal of those temporary differences.

Amendments to FRS 12 is effective for annual period beginning on or after 1 January 2017. Early application is permitted.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 Revenue from Contracts with Customers sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue standards, FRS 18 Revenue and FRS 11 Construction Contracts, and the related interpretations on revenue recognition, INT FRS 115 Agreements for the Construction of Real Estate, INT FRS 118 Transfers of Assets from Customers, and INT FRS 31 Revenue – Barter Transactions Involving Advertising Services.

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied. Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

2 Significant Accounting Policies (Cont'd)

(b) New or Revised FRS (Cont'd)

FRSs issued but not yet effective (Cont'd)

FRS 115 *Revenue from Contracts with Customers* (Cont'd)

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

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies.

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

(c) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

2 Significant Accounting Policies (Cont'd)

(c) Consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

2 Significant Accounting Policies (Cont'd)

(c) Consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

(ii) Change in ownership interests in subsidiaries without change of control

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

(iii) Disposal of subsidiaries

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

(iv) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 Significant Accounting Policies (Cont'd)

(c) Consolidation (Cont'd)

(iv) Associates (Cont'd)

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to the share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been change where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statements.

(d) Discontinued Operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and;

i. represents a separate major line of business or geographical area of operations; or

ii. is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

iii. is a subsidiary acquired exclusively with a view to resale.

When a component of an entity qualifies as a discontinued operation, the comparative statement of comprehensive income is retrospectively restated to segregate the results of all operations that have been discontinued by the end of the latest reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2 Significant Accounting Policies (Cont'd)

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

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

(ii) Rendering of services

Service income, management and consultancy fees are recognised in the period in which the services are rendered.

(iii) Interest income

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

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Construction contracts

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see Note 2 (h) Construction Contracts below).

(f) Property, Plant and Equipment

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

Leasehold properties are revalued at regular intervals by the directors based upon the advice of professional valuers to open market values on an existing use basis. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

2 Significant Accounting Policies (Cont'd)

(f) Property, Plant and Equipment (Cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Depreciation of property, plant and equipment is calculated using a straight-line method to allocate the depreciable amounts over their estimated useful lives as follows:

Leasehold buildings	–	over the lease term
Renovation/leasehold improvements	–	5 – 10 years
Furniture and fittings	–	5 – 10 years
Machinery and yard equipment	–	5 – 10 years
Motor vehicles	–	5 – 10 years
Office and computer equipment	–	2 – 10 years

The residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

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

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance expense is recognised in the profit or loss when incurred.

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

2 Significant Accounting Policies (Cont'd)

(g) Intangible Assets

(i) Goodwill on acquisitions

Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries is initially recognised as an intangible asset at cost and subsequently recognised at cost less any accumulated impairment losses.

Goodwill on acquisition of an associated company is included in the carrying amount of the investments in associates and is assessed for impairment as part of the investment.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit and loss on disposal.

Gains and losses on the disposal of subsidiaries and an associated company include the carrying amount of goodwill relating to the entity sold.

(ii) Customer listings

Customer listings are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the profit or loss using the straight-line method over their estimated useful lives of three years.

(iii) Capitalised developments

Capitalised developments are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the profit or loss using the straight-line method over their estimated useful lives of ten years.

(iv) Customer contractual backlog

Customer contractual backlog is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the profit or loss using the straight-line method over their estimated useful lives. The customer contractual backlog has estimated useful life of 2 years.

2 Significant Accounting Policies (Cont'd)

(h) 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 balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs should be recognised as an expense in the period in which they are incurred.

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 activities on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet 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.

At the balance sheet date, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

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

(i) Investments in Subsidiaries and an Associated Company

Investments in subsidiaries and an associated company are stated at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2 Significant Accounting Policies (Cont'd)

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

(k) Impairment of Non-Financial Assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investment, rather than separately.

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.

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

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 in profit or loss and is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2 Significant Accounting Policies (Cont'd)

(k) Impairment of Non-Financial Assets (Cont'd)

(ii) Intangible assets, including customer listings fee and customer contractual backlog
Property, plant and equipment
Investments in subsidiaries and an associated company

Finite intangible assets (including customer listings fee and customer contractual backlog), property, plant and equipment and investments in subsidiaries and an associated company are tested for impairment whenever there is any indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets, property, plant and equipment and investments in subsidiaries and associated company to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to Note 2(f) Property, Plant and Equipment for the treatment of a revaluation decrease.

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

NOTES TO THE FINANCIAL STATEMENTS

2 Significant Accounting Policies (Cont'd)

(k) Impairment of Non-Financial Assets (Cont'd)

(ii) Intangible assets, including customer listings fee and customer contractual backlog
Property, plant and equipment
Investments in subsidiaries and an associated company (Cont'd)

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

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss 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 credited to profit or loss.

(l) Financial Assets

The Group classifies its non-derivative financial assets in the following categories: loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. The Group's loans and receivables comprise trade and other receivables (other than prepayments), loan receivables, amount due from subsidiaries, and cash and cash equivalents. Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs, and are subsequently carried at amortised cost using the effective interest method.

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 in the fair value reserve relating to that asset is reclassified to profit or loss.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date. For investment in unquoted equity instruments classified as financial assets available for sale is measured at cost less accumulated impairment loss as the fair value cannot be measured reliably.

2 Significant Accounting Policies (Cont'd)

(l) Financial Assets (Cont'd)

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

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

(m) Trade and Other Receivables

Trade receivables and other receivables other than prepayments are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets.

The Group assesses at each balance sheet date whether there is objective evidence that trade receivables are impaired. An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of allowance for impairment is recognised in profit or loss.

(n) Financial Guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation.

2 Significant Accounting Policies (Cont'd)

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the terms of the borrowings using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Borrowings which are due to be settled within 12 months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a year longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are included in non-current borrowings in the balance sheet.

(p) Trade and Other Payables

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

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

(q) Fair Value Estimation

The fair value of current financial assets and liabilities carried at amortised cost approximate their carrying amount. 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 that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, 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.

2 Significant Accounting Policies (Cont'd)

(r) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted average basis and includes freight and handling charges. Allowance is made, where necessary, for obsolete, slow moving and defective inventory in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(s) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(t) Leases

When a Group is the lessee:

(i) Finance lease

Leases where the Group assumes substantially the 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 balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases at the lower of the fair values 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 the basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Operating lease

Leases of land where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2 Significant Accounting Policies (Cont'd)

(u) Income Taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax for current and prior years is recognised at the amounts 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 balance sheet date.

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.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated company, 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 recognised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is recognised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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.

2 Significant Accounting Policies (Cont'd)

(v) Employee Benefits

(i) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(ii) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liabilities for annual leave as a result of services rendered by employees up to the balance sheet date.

(iii) Share-based compensation

The Group has in place the SHS Employee Share Option Scheme for granting share options to confirmed group employees, including Directors.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in profit or loss and a corresponding adjustment to share option reserve.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date which the relevant employees become fully entitled to the award ("the vesting period"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

When the options are exercised, the proceeds received net of any directly attributable transaction costs and the related balance previously recognised in the share option reserve are credited to share capital account when new ordinary shares are issued, or to the treasury shares account when treasury shares are re-issued to the employees.

2 Significant Accounting Policies (Cont'd)

(w) Currency Translation

(i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to each entity (the "functional currency"). The financial statements are presented in Singapore dollars, which is the functional and presentation currency of the Company.

(ii) Transactions and balances

In preparing the financial statements of the individual entities, transactions in a currency other than the entity's functional currency ("foreign currency") are translated using the exchange rates prevailing at the dates of such transactions. Currency translation gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(iii) Translation of Group entities' financial statements

The results and financial position of 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:

(1) Assets and liabilities are translated at the closing exchange rate at the financial reporting date;

(2) Income and expenses for each statement presenting profit and loss and other comprehensive income (i.e. including comparatives) are translated at the dates of the transactions;

(3) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity. These currency translation differences are reclassified to profit or loss on disposal or partial disposal (i.e. loss of control) of the entity giving rise to such reserve; and

(4) 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 rate at the reporting date.

2 Significant Accounting Policies (Cont'd)

(x) 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.

(y) Cash and Cash Equivalents

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

(z) Share Capital and Treasury Shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

(aa) Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

(bb) Derivative Financial Instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange risk, including foreign exchange forward contracts.

Derivative financial instruments are initially recognised at their fair value on the date the contract is entered into and are subsequently re-measured at their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss.

(cc) Warrants Reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share capital upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

2 Significant Accounting Policies (Cont'd)

(dd) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

a. A person or a close member of that person's family is related to a reporting entity if that person:

   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the Company and to a reporting entity if any of the following conditions applies:

   i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii. both entities are joint ventures of the same third party;
   iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
   vi. the entity is controlled or jointly controlled by a person identified in (a); or
   vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
   viii. the entity, or any member of a group of which it as a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3 Critical Accounting Judgements and Estimates

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

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

3 Critical Accounting Judgements and Estimates (Cont'd)

(a) Critical Judgements in Applying Accounting Policies

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed below:

(i) Impairment of trade receivables

The Group assesses at each balance sheet date whether there is any objective evidence that trade receivables are impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectible. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency, current economic trends, significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivables as at 31 December 2015 amounted to S$23,518,000 (2014: S$67,852,000) disclosed in Note 16. Impairment loss on trade receivables of S$3,489,000 (2014: S$908,000), write off on trade receivables of S$539,000 (2014: S$126,000) and reversal of impairment loss of S$80,000 (2014: S$276,000) has been recognised in profit or loss for the financial year ended 31 December 2015.

(ii) Impairment of inventories

The Group writes down the cost of inventories whenever the net realisable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Inventory items identified to be obsolete and unusable are also written off and charged as an expense for the year. The carrying amount of the Group's inventories as at 31 December 2015 is S$4,083,000 (2014: S$31,553,000) as disclosed in Note 15. Provision for inventory obsolescence of S$1,776,000 (2014: S$398,000), inventory written off of S$227,000 (2014: S$218,000) and a reversal of impairment loss of S$773,000 (2014: S$738,000) has been recognised in profit or loss for the financial year ended 31 December 2015.

(iii) Impairment of available-for-sale financial assets

The Group and Company reviews its equity securities classified as available-for-sale investments at each balance sheet date to assess whether they are impaired. The Group and Company also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group and Company evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

The carrying amounts of available-for-sale financial assets of the Group and the Company as of 31 December 2015 amounted to S$19,712,000 (2014: S$18,162,000) and S$17,136,000 (2014: S$15,289,000) respectively (Note 12). No impairment loss has been recognised in the profit or loss for the financial year ended 31 December 2015 and 2014 respectively.

NOTES TO THE FINANCIAL STATEMENTS

3 Critical Accounting Judgements and Estimates (Cont'd)

(b) Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition the estimation of the useful lives of property, plant and equipment are based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

There is no change in the estimated useful lives of property, plant and equipment during the year. The carrying amounts of property, plant and equipment of the Group and the Company as of 31 December 2015 amounted to S$27,138,000 (2014: S$39,748,000) and S$8,995,000 (2014: S$12,181,000) respectively (Note 9). A 5% difference in the expected useful lives of these assets from management's estimates would result in an approximately S$234,000 (2014: S$252,000) variance in the Group's profit for the year.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 December 2015 was S$26,450,000 (2014: S$37,177,000). A sensitivity analysis relating to impairment of goodwill is disclosed in Note 13 to the financial statements.

Provision for impairment loss on goodwill amounting to S$2,754,000 has been recognised in profit or loss for the financial year eneded 2015.

3 Critical Accounting Estimates and Judgements (Cont'd)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(iii) Impairment of investment in subsidiaries

Management follows the guidance of FRS 36 – "Impairment of Assets" in determining whether investments in subsidiaries are impaired. An estimate is made of the future profitability of the investee and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. The amount of the relevant investment is S$53,447,000 (2014: S$95,028,000) at the end of the reporting year (Note 10). A 10% less favourable than management's estimates at the end of the reporting year in the estimated growth rate and the discount rate used would not result in additional impairment loss.

(iv) Determination of percentage of completion on construction contracts

The Group used 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 required to estimate the total contract costs and the recoverable variation works that will 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. The aggregate costs incurred plus recognised profit less recognised losses to date, progress billings, retention on construction contracts and due from/to customers are disclosed in Note 16, 18 and 21.

If the revenue on contracts that are work-in-progress increases/(decreases) by 5% from management's estimates, the Group's revenue will increase/(decrease) by S$1,871,000 (2014: S$998,000). If the contract costs to be incurred increase/(decrease) by 5% from management's estimates, the Group's profit will (decrease)/increase by S$412,000 (2014: S$220,000).

4 Revenue

	Group	
	2015	**2014 (Restated)**
	S$'000	**S$'000**
Construction contracts	**38,827**	51,693
Services rendered	**17,178**	26,786
Sale of goods	**5,842**	6,591
Storage and leasing income	**880**	994
	62,727	86,064

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

5 Income Tax

	Group	
	2015	**2014 (Restated)**
	S$'000	**S$'000**
Provision for tax in respect of results for the year:		
– Current taxation	**146**	564
– Foreign taxation – current	**440**	791
– Under/(over) provision of income tax in prior year	**119**	(383)
– Deferred tax income relating to origination of temporary differences	**(578)**	(591)
	127	381

Income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before income tax due to the following:

	Group	
	2015	**2014 (Restated)**
	S$'000	**S$'000**
Profit before income tax	**9,101**	8,179
Income tax expense at statutory rate of 17%	**1,547**	1,390
Non-deductible expenses#	**853**	95
Non-taxable items	**(111)**	(62)
Share of (profit)/loss of associated companies, net of tax	**(2,346)**	23
Singapore statutory tax exemption	**(98)**	(105)
Tax allowances and incentives*	**(141)**	(751)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**109**	98
Deferred tax assets not recognised (Note 27)	**234**	155
Corporate income tax rebate	**(39)**	(79)
Under/(over) provision of current income tax in prior year	**119**	(383)
	127	381

Non-deductible expenses mainly relate to professional fees which are in capital nature.
* Tax allowance and incentive mainly relate to productivity and innovation credit.

The tax rate used for the years 2015 and 2014 reconciliations above is the corporate tax rate of 17% payable by corporate entities in Singapore on taxable profits under tax law in that jurisdiction.

6 Profit for the Year from Continuing Operations

	Group	
	2015	2014 (Restated)
	S$'000	S$'000
Except as disclosed elsewhere in the notes to the financial statements, profit before income tax is arrived at after crediting/(charging) the following:		
Included in cost of sales		
Purchase of goods	**(13,900)**	(14,187)
Depreciation of property, plant and equipment	**(2,380)**	(2,642)
Staff costs		
– Salaries	**(6,408)**	(6,497)
– Defined contribution plan	**(90)**	(103)
Included in other income		
Interest income	**53**	129
Compensation received from acquiree*	**–**	425
Dividend income from available-for-sale financial assets	**399**	–
(Loss)/gain on disposal of property, plant and equipment	**(11)**	24
Scrap sales and service income	**222**	879
Included in selling and distribution expenses		
Entertainment	**(314)**	(234)
Delivery and lighterage charges	**(231)**	(450)
Sales commission	**(58)**	(45)
Travelling	**(202)**	(249)
Included in administrative expenses		
Directors' fees	**(272)**	(204)
Directors' remuneration		
– Salaries and bonus	**(2,059)**	(1,994)
– Defined contribution plan	**(24)**	(15)
Staff costs		
– Salaries	**(5,473)**	(5,887)
– Defined contribution plan	**(447)**	(439)
Commercial car expenses	**(29)**	(37)
Staff welfare	**(268)**	(249)
Workman and staff insurance	**(179)**	(184)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

6 Profit for the Year from Continuing Operations (Cont'd)

	Group	
	2015	2014 (Restated)
	S$'000	S$'000
Except as disclosed elsewhere in the notes to the financial statements, profit before income tax is arrived at after crediting/(charging) the following: (Cont'd)		
Included in other operating expenses		
Allowance for stock obsolescence	**–**	(361)
Amortisation of intangible assets	**(512)**	(1,955)
General repair and maintenance expenses	**(25)**	(49)
Audit fees paid/payable to:		
– Auditors of the Company	**(173)**	(121)
– Auditors of the Subsidiaries	**(16)**	(63)
Utilities	**(798)**	(1,237)
Reversal of allowance for stock obsolescence	**103**	364
Impairment of goodwill	**(2,754)**	–
Depreciation of property, plant and equipment	**(920)**	(999)
Inventory written off	**(99)**	(10)
Professional fees	**(340)**	(367)
Property, plant and equipment written off	**(2)**	(11)
Property tax	**(193)**	(287)
Repair and maintenance	**(222)**	(629)
Allowance for impairment – trade receivables	**(2,549)**	(188)
Bad debts written off	**(4)**	–
Reversal of impairment – trade receivables	**–**	121
Rental expense – operating lease	**(535)**	(540)
Foreign exchange gain/(loss), net	**(220)**	87
Included in finance costs		
Hire purchase	**(7)**	(7)
Term loans	**(19)**	(45)
Trust receipt interest	**(73)**	(98)

* The compensation received from the acquiree represents compensation received on non-fulfillment of the subsequent condition on acquisition of Eastern Tankstore (S) Pte. Ltd. where the acquiree shall procure approval from Jurong Town Council for new lease of the property with a term of 30 years.

No non-audit service fees have been paid to the auditors of the Group and Company for the years ended 31 December 2015 and 2014.

7 Discontinued Operation

On 18 September 2015, the Group entered into a conditional sale and purchase agreement with Brenntag (Holding) B.V., for the sale of its entire shareholding interests in TAT Petroleum Pte Ltd, Axxmo International Pte Ltd and PT TAT Petroleum Indonesia (the "RP segment") for a total consideration of approximately S$100.3 million. The transaction was completed on 31 December 2015, on which date control of the RP segment passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 10 Investment in Subsidiaries.

The results of the discontinued opearation included in the consolidated statement of comprehensive income are set out below. The comparative statement of comprehensive income has been re-presented to include those operations classified as discontinued in the current period.

	Note	Group 2015 S$'000	Group 2014 S$'000
Profit for the year from discontinued operation			
Revenue		**324,624**	360,708
Cost of sales		**(281,833)**	(324,127)
Gross profit		**42,791**	36,581
Other income		**884**	671
Distribution costs		**(9,396)**	(10,342)
Administrative expenses		**(11,476)**	(11,315)
Other operating expenses		**(6,504)**	(4,866)
Finance costs		**(1,066)**	(1,104)
Profit before income tax		**15,233**	9,625
Income tax		**(1,852)**	(1,773)
Profit for the year		**13,381**	7,852
Gain on disposal of operations	10	**35,322**	–
Profit for the year from discontinued operation		**48,703**	7,852
Attributable to			
Equity holders of the Company		**48,739**	7,844
Non-controlling interests		**(36)**	8
		48,703	7,852

Cash flows statement from discontinued operation

	2015 S$'000	2014 S$'000
Net cash inflow from operating activities	**14,340**	3,804
Net cash (outflow)/inflow from investing activities	**(1,351)**	15,805
Net cash outflow from financing activities	**(7,186)**	(29,637)
Net cash inflows/(outflows)	**5,803**	(10,028)

8 Earnings Per Share, Basic and Diluted

Basic and diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The following reflects the earnings and share data used in the basic and diluted earnings per share computations for the year ended 31 December:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Profit for the year from continuing operations attributable to equity holders of the Company	**9,012**	7,826
Profit for the year from discontinued operation attributable to equity holders of the Company	**48,739**	7,844
Profit for the year attributable to equity holders of the Company used in the calculation of basic and diluted earnings per share	**57,751**	15,670
<u>Number of shares</u>		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**605,972,754**	605,852,854
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**660,718,288**	701,809,777
Earnings per share from continuing operations attributable to equity holders of the Company (Cents per share)		
Basic	**1.49 cents**	1.29 cents
Diluted	**1.36 cents**	1.12 cents
Earnings per share attributable to equity holders of the Company (Cents per share)		
Basic	**9.53 cents**	2.59 cents
Diluted	**8.74 cents**	2.23 cents

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average numer of ordinary shares outstanding are adjusted for the effects of dilutive potential ordinary shares from warrants.

8 Earnings Per Share, Basic and Diluted (Cont'd)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**605,972,754**	605,852,854
Shares deemed to be issued for no consideration in respect of:		
Warrants	**54,745,534**	95,956,923
	660,718,288	701,809,777

The average market value of the Company's shares for purposes of calculating the dilutive effect of share warrants was based on quoted market prices for the period during which the warrants were outstanding.

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31 December 2015

9 Property, Plant and Equipment

	Leasehold buildings S$'000	Renovation/ leasehold improvements S$'000	Furniture & fittings S$'000	Machinery & yard equipment S$'000	Motor vehicles S$'000	Office & computer equipment S$'000	Total S$'000
Group							
2015							
Cost or Valuation							
At 1 January	**38,730**	**859**	**2,967**	**20,160**	**6,567**	**855**	**70,138**
Additions	**–**	**1,376**	**268**	**985**	**1,378**	**17**	**4,024**
Disposals/written off	**–**	**(31)**	**(145)**	**(1,327)**	**(345)**	**(3)**	**(1,851)**
Derecognised on disposal of subsidiaries (Note 10 (c))	**(8,354)**	**(293)**	**(1,429)**	**(5,166)**	**(5,479)**	**(17)**	**(20,738)**
Reclassification	**–**	**38**	**–**	**(38)**	**–**	**–**	**–**
Currency alignment	**–**	**6**	**20**	**(6)**	**(11)**	**(2)**	**7**
Total	**30,376**	**1,955**	**1,681**	**14,608**	**2,110**	**850**	**51,580**
Cost	**6,414**	**1,955**	**1,681**	**14,608**	**2,110**	**850**	**27,618**
Valuation	**23,962**	**–**	**–**	**–**	**–**	**–**	**23,962**
At 31 December	**30,376**	**1,955**	**1,681**	**14,608**	**2,110**	**850**	**51,580**
Accumulated depreciation and impairment loss							
At 1 January	**7,610**	**557**	**2,104**	**14,692**	**4,678**	**749**	**30,390**
Depreciation charge	**1,567**	**164**	**344**	**1,808**	**747**	**49**	**4,679**
Disposals/written off	**–**	**(31)**	**(143)**	**(1,261)**	**(328)**	**(3)**	**(1,766)**
Derecognised on disposal of subsidiaries (Note 10 (c))	**(1,001)**	**(181)**	**(905)**	**(3,904)**	**(4,366)**	**(12)**	**(10,369)**
Impairment losses recognised in comprehensive income	**1,490**	**–**	**–**	**–**	**–**	**–**	**1,490**
Currency alignment	**–**	**4**	**14**	**2**	**–**	**(2)**	**18**
At 31 December	**9,666**	**513**	**1,414**	**11,337**	**731**	**781**	**24,442**
Net book value							
At 31 December	**20,710**	**1,442**	**267**	**3,271**	**1,379**	**69**	**27,138**
Group							
2014							
Cost or Valuation							
At 1 January	25,723	611	2,394	19,191	6,164	797	54,880
Acquisition through a business combination (Note 10(b))	13,000	298	250	550	287	–	14,385
Addition	7	111	376	1,066	321	81	1,962
Disposals/written off	–	(166)	(66)	(647)	(208)	(23)	(1,110)
Currency alignment	–	5	13	–	3	–	21
Total	38,730	859	2,967	20,160	6,567	855	70,138
Cost	6,414	859	2,967	20,160	6,567	855	37,822
Valuation	32,316	–	–	–	–	–	32,316
At 31 December	38,730	859	2,967	20,160	6,567	855	70,138
Accumulated depreciation and impairment loss							
At 1 January	5,653	494	1,855	13,533	4,099	702	26,336
Depreciation charge	1,957	164	281	1,800	777	70	5,049
Disposals/written off	–	(105)	(41)	(641)	(201)	(23)	(1,011)
Currency alignment	–	4	9	–	3	–	16
At 31 December	7,610	557	2,104	14,692	4,678	749	30,390
Net book value							
At 31 December	31,120	302	863	5,468	1,889	106	39,748

9 Property, Plant and Equipment (Cont'd)

	Leasehold buildings S$'000	Renovation/ leasehold improvements S$'000	Furniture & fittings S$'000	Machinery & yard equipment S$'000	Motor vehicles S$'000	Office & computer equipment S$'000	Total S$'000
Company							
2015							
Cost or Valuation							
At 1 January	14,729	353	1,111	9,717	356	653	26,919
Additions	–	–	–	–	–	1	1
Disposals to a subsidiary	–	–	(87)	(9,717)	–	(1)	(9,805)
Total	14,729	353	1,024	–	356	653	17,115
Cost	–	353	1,024	–	356	653	2,386
Valuation	14,729	–	–	–	–	–	14,729
At 31 December	14,729	353	1,024	–	356	653	17,115
Accumulated depreciation and impairment loss							
At 1 January	5,451	279	1,083	7,201	126	598	14,738
Charge for the year	571	16	3	–	36	26	652
Disposals to a subsidiary	–	–	(68)	(7,201)	–	(1)	(7,270)
At 31 December	6,022	295	1,018	–	162	623	8,120
Net book value							
At 31 December	8,707	58	6	–	194	30	8,995
2014							
Cost or Valuation							
At 1 January	14,729	276	1,111	9,343	356	627	26,442
Additions	–	77	–	849	–	44	970
Disposals/written off	–	–	–	(475)	–	(18)	(493)
Total	14,729	353	1,111	9,717	356	653	26,919
Cost	–	353	1,111	9,717	356	653	12,190
Valuation	14,729	–	–	–	–	–	14,729
At 31 December	14,729	353	1,111	9,717	356	653	26,919
Accumulated depreciation and impairment loss							
At 1 January	4,880	273	1,075	6,964	90	568	13,850
Charge for the year	571	6	8	710	36	48	1,379
Disposals/written off	–	–	–	(473)	–	(18)	(491)
At 31 December	5,451	279	1,083	7,201	126	598	14,738
Net book value							
At 31 December	9,278	74	28	2,516	230	55	12,181

Included in the leasehold improvements of the Group are construction in progress with carrying amount of S$1,292,000 (2014: S$38,000). These assets are not depreciated as these assets are not yet available for use.

In addition, included in machinery and yard equipment of the Group and the Company are of machinery in the process of construction with carrying amount of Nil (2014: S$131,000 and S$94,000), respectively. These assets are not depreciated as these assets are not yet available for use.

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9 Property, Plant and Equipment (Cont'd)

(a) As at the year end, the leasehold buildings of the Group consist of the following:

Property Address	Description	Tenure
81 Tuas South Street 5 Singapore 637651	Single storey detached factory with ancillary 2-storey warehouse, and a 3-storey annexe office block	30 years lease from 1999 with an option to renew for an additional 1 year
1 Penjuru Lane Singapore 609217	A single-storey detached factory building with a mezzanine office and side/rear extension	10 years leasehold commencing from 1 November 2007
19 Tuas Avenue 20 Singapore 638830	Single-storey factory block with mezzanine office and a 3-storey ancillary office block	20 Years from 1 October 2015

(b) The Group's leasehold buildings at 81 Tuas South Street 5, Singapore 637651 and 1 Penjuru Lane, Singapore 609217 were professionally valued by independent valuer, Premas Valuers & Property Consultans Pte. Ltd. and Orange Tee Pte. Ltd. based on open market value in 2012.

The Group's leasehold building at 19 Tuas Avenue 20, Singapore 638830 was performed by independent valuer, Savills Valuation and Professional Services (S) Pte Ltd based on open market value in 2014.

The valuers have used the direct comparison method by referring to market evidence of recent transactions for similar properties. The fair value of the leasehold building has been incorporated in the financial statements.

(c) Had the property, plant and equipment stated at valuation been included in the financial statements at cost less depreciation, the net book value would have been as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Leasehold buildings	**10,723**	17,337	**7,630**	7,738

(d) Leasehold buildings of the Group and the Company with carrying amounts of S$20,121,000 (2014: S$28,894,000) and S$8,707,000 (2014: S$9,278,000), respectively are mortgaged to secure bank borrowings (Notes 24 and 25).

(e) Net book values of motor vehicles, machinery and yard equipment acquired under hire purchase for the Group amounts to S$974,000 (2014: S$766,000).

(f) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$4,024,000 (2014: S$1,962,000) of which S$567,000 (2014: S$Nil) was financed by means of hire purchase.

9 Property, Plant and Equipment (Cont'd)

(g) During the financial year, depreciation expenses of S$13,000 (2014: S$Nil) was capitalised in Work in Progress.

(h) During the financial year, an impairment loss recognised in repect of a leasehold bulding amounted to S$1,490,000 (2014: S$Nil). Those assets belonged to the other reportable segment. The impairment losses have been included in other comprehensive income. The amount pertains to the asset revaluation on leasehold building at 1 Penjuru Lane where it was initially planned to be converted to the chemical hub business based on the dealings with the RP segment. The amount was impaired mainly due to the cessation of chemical hub dealings as a result of the disposal of the RP segment (Note 10(c)). The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The key assumptions used for the value-in-use are disclosed in Note 13.

10 Subsidiary Companies

Investment in Subsidiaries

Details of subsidiary companies and their net cost of investment to the Company at 31 December are:

	Company	
	2015	**2014**
	S$'000	**S$'000**
Eastern Tankstore (S) Pte. Ltd.	**4,080**	4,080
Hetat Holdings Pte. Ltd. (b)	**45,300**	45,300
See Hup Seng CP Pte. Ltd. (d)	**8,047**	100
Sinenergy Holdings Pte. Ltd.(e)	**100**	–
SHS Trading Pte. Ltd. (a,f)	**–**	–
Lesoon Equipment Pte. Ltd. (d)	**–**	2,965
Gardella Singapore Coating Pte Ltd (d)	**–**	2,500
SHS Special Coating Pte Ltd (a,d)	**–**	–
SHS System Pte Ltd (a,d)	**–**	–
SHS Offshore Pte Ltd (d)	**–**	50
Speedo Corrosion Control Pte Ltd (d)	**–**	3,500
Axxmo International Pte Ltd (c)	**–**	1,309
Tat Petroleum Pte Ltd (c)	**–**	39,187
PT Tat Petroleum Indonesia (c)	**–**	2
SHS Capital Pte. Ltd. (a)	**–**	–
	57,527	98,993
Allowance for impairment	**(4,080)**	(3,965)
	53,447	95,028

10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

a. The cost of investment in these subsidiary companies is S$2 each (2014: S$2 each).

b. Acquisition of a subsidiary

On 12 September 2013, the Group entered into a conditional sale and purchase agreement with Mr Ng Han Kok, Henry (the "Vendor") for the proposed acquisition of the entire issued and paid-up share capital of Hetat Holdings Pte. Ltd ("Hetat"), a group of companies which involve in the business of designing, engineering and construction of steel, aluminum and glass structures and the provision of labour and equipment to fabricate and install modules for oil-rigs for a consideration of S$42.4 million (the "Acquisition").

The Acquisition was completed on 3 January 2014 (the "Acquisition Completion Date") and Hetat became a subsidiary of the Company. The consideration of S$42.4 million was changed subsequently to S$45.3 million satisfied by cash and issuance of new ordinary shares in the Company. The Company issued 42,519,053 new ordinary shares at the issue price of S$0.3175 each (the "Consideration Shares"). The remaining S$31.8 million was satisfied by cash payment.

10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

b. Acquisition of a subsidiary (Cont'd)

The fair value of the identifiable assets and liabilities of the acquired subsidiary as at the date of acquisition were as follows:

	2014 S$'000
Non-current assets	
Property, plant and equipment	14,385
Intangible assets	2,353
Current assets	
Cash and bank balances	4,606
Trade and other receivables	12,984
Other assets	424
Current liabilities	
Trade and other payables	(5,978)
Borrowings	(4,917)
Income tax payable	(1,073)
Non-current liabilities	
Borrowings	(932)
Deferred tax liabilities	(1,994)
Total identifiable net assets at fair value	19,858
Consideration paid in cash	31,800
Consideration satisfied by shares (Note 28)	13,500
Consideration transferred	45,300
Less: Share of fair value of net assets acquired	(19,858)
Goodwill on acquisition of subsidiary companies (Note 13)	25,442
Net cash outflow on acquisition of subsidiary companies	
Consideration paid in cash	31,800
Less: Cash and cash equivalent acquired	(4,606)
	27,194

Goodwill arising on the acquisition of Hetat Holdings Pte Ltd. comprises the expected future benefit from the business. None of the goodwill acquired is expected to be deductible for tax purposes. The Group also acquired the customer contract backlog as part of the acquisition. These assets could be separately recognised because they are capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts. Hence, the customer contract backlog is separable and therefore meets the criteria for recognition as an intangible asset under FRS 38 *Intangible Assets*.

10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

c. Disposal of subsidiaries

On 31 December 2015, the Group disposed of its entire shareholding interests in TAT Petroleum Pte Ltd, Axxmo International Pte Ltd and PT TAT Petroleum Indonesia ("TAT Group") which carried out its entire refined petroleum operations (Note 7). The overall consideration for the disposal of the subsidiaries as disclosed below is subject to any adjustments to be made in relation to the net debt and working capital post completion.

Consideration received

	2015 S$'000
Consideration received in cash and cash equivalents	**89,868**
Deferred sales proceeds (Note 18)	**10,000**
Total consideration received	**99,868**
Non-current assets	
Property, plant and equipment	**10,369**
Club membership	**125**
Other receivables and deposits	**875**
Goodwill	**7,973**
Current assets	
Cash and bank balances	**29,703**
Short-term deposit	**2,054**
Trade receivables	**32,223**
Other receivables and deposits	**6,180**
Inventories	**26,577**
Current liabilities	
Trade and other payables	**(16,071)**
Borrowings	**(51,318)**
Income tax payables	**(2,665)**
Non-current liabilities	
Borrowings	**(16)**
Deferred tax liabilities	**(726)**
Minority Interest	**43**
Net assets disposed of	**45,326**

10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

c. Disposal of subsidiaries (Cont'd)

Gain on disposal of subsidiaries

	2015 S$'000
Cash considerations	**100,288**
Less: directly attributable costs (inclusive of accrued directly attributable costs of S$2,555,000)	**(2,975)**
Net Proceeds	**97,313**
Net assets disposed of	**(45,326)**
Recyle of other reserve (Note 30)	**(16,687)**
Recyle of foreign exchange differences	**22**
Gain on disposal of subsidiaries	**35,322**

The gain on disposal is included in profit for the year from discontinued operation in the consolidated statement of comprehensive income (Note 7).

The aggregate cash inflow arising from disposal of subsidiaries

	2015 S$'000
Consideration received in cash and cash equivalents (exclusive of accrued directly attributable costs of S$2,555,000)	**99,868**
Less: cash and cash equivalent balances disposed of	**(29,703)**
	70,165

d. See Hup Seng CP Pte. Ltd., ("SHS CP") is a subsidiary incorporated on 30 June 2014. On 12 October 2015, the Company carried out an internal restructuring whereby the subsidiaries carrying out the corrosion prevention businesess were transferred to SHS CP. The internal restructuring aims to realign various business segments of the group and to enable the Company to operate solely as investment holding company. SHS CP increased its share capital by allotting and issuing new ordinary shares in full satisfaction of the purchase consideration. This led to the increase in investment cost of the Company in SHS CP by S$7,947,000. The difference between the carrying amount of net assets of the companies transferred and the consideration shares are recorded as other equity.

e. Sinenergy Holdings Pte. Ltd. is a new subsidiary incorporated on 3 December 2015.

f. On 18 May 2015, the Company acquired S$1 in the capital of SHS Trading Pte. Ltd. (formerly known as TAT Petroleum Trading Pte. Ltd.) from TAT Petroleum Pte Ltd.

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31 December 2015

10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

	Name of Company (Country of incorporation and place of business)	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
***	Hetat Holdings Pte. Ltd. Singapore	Investment holding	**100**	100
***	See Hup Seng CP Pte. Ltd. Singapore	Provision of corrosion prevention services	**100**	100
***	Tat Petroleum Pte Ltd Singapore	Distribution and wholesale of refined petroleum products	**–**	100
***	SHS Capital Pte. Ltd. Singapore	Investment holding	**100**	100
***	Eastern Tankstore (S) Pte Ltd Singapore	Warehousing and storage handling services	**51**	51
***	Axxmo International Pte Ltd Singapore	Distribution and trading of refined petroleum products	**–**	100
####	SHS Trading Pte. Ltd. *(formerly known as Tat Petroleum Trading Pte. Ltd.)* Singapore	Dormant	**100**	–
###	Sinenergy Holdings Pte. Ltd. Singapore	Investment holding	**100**	–
***	SHS Special Coating Pte Ltd Singapore	Grit blasting and painting	**–**	100
***	SHS System Pte Ltd Singapore	Tank coating, grit blasting and painting	**–**	100
***	SHS Offshore Pte Ltd Singapore	Grit blasting and painting	**–**	100
***	Gardella Singapore Coating Pte Ltd Singapore	Dormant	**–**	100
***	Lesoon Equipment Pte. Ltd. Singapore	Trading and manufacturing of blasting and painting equipment	**–**	94.5
***	Speedo Corrosion Control Pte Ltd Singapore	Tank coating, grit blasting and painting	**–**	100

10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

	Name of Company (Country of incorporation and place of business)	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
	Held by subsidiary companies:			
	See Hup Seng CP Pte. Ltd			
***	SHS Special Coating Pte Ltd Singapore	Grit blasting and painting	**100**	–
***	SHS System Pte Ltd Singapore	Tank coating, grit blasting and painting	**100**	–
***	SHS Offshore Pte Ltd Singapore	Grit blasting and painting	**100**	–
***	Gardella Singapore Coating Pte Ltd Singapore	Dormant	**100**	–
***	Lesoon Equipment Pte. Ltd. Singapore	Trading and manufacturing of blasting and painting equipment	**94.5**	–
***	Speedo Corrosion Control Pte Ltd Singapore	Tank coating, grit blasting and painting	**100**	–
	Lesoon Equipment Pte. Ltd.			
*****	Speedlock Equipment Sdn. Bhd. Malaysia	Trading and manufacturing of blasting and painting equipment	**94.5**	94.5
	Gardella Singapore Coating Pte Ltd			
**	Gardella Coating Philippines, Inc. Philippines	Dormant	**99.9**	99.9
	Hetat Holdings Pte. Ltd.			
***	Hetat Pte. Ltd. Singapore	Engineering and project management for steel, glass and aluminum contracts	**100**	100
***	Hetat Construction Pte. Ltd. Singapore	Dormant	**100**	100
***	Sinenergy Pte. Ltd. Singapore	Enginerring and project management for electrical works	**60**	–
*****	Xiang Tong (Shanghai) International Trading Co., Ltd The People's Republic of China	Import and export of construction materials	**100**	100

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31 December 2015

10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

	Name of Company (Country of incorporation and place of business)	Principal activities	Percentage of equity held by the Group 2015 %	2014 %
	Held by subsidiary companies:			
	Hetat Pte Ltd			
**	Hetat Global Mongolia LLC Mongolia	Engineering and project management for steel, glass and aluminum contracts	**100**	100
*****	Hetat Engineering & Construction Sdn. Bhd. Malaysia	Engineering and project management for steel, glass and aluminium contracts	**100**	100
####	Seri Hetat Engineering Sdn. Bhd. Brunei	Dormant	**99.9**	99.9
	Tat Petroleum Pte Ltd			
**	Tat Petroleum (Guangzhou) Ltd The People's Republic of China	Distribution and wholesale of refined petroleum products	**–**	100
**	Tat Petroleum (HK) Pte Limited Hong Kong	Distribution and wholesale of refined petroleum products	**–**	100
*****	Tat Petroleum Vietnam Co Vietnam	Distribution and wholesale of refined petroleum products	**–**	90
****	Tat Korea Petroleum Co. Ltd South Korea	Distribution and wholesale of refined petroleum products	**–**	100
****	PT Tat Petroleum Indonesia Indonesia	Distribution and wholesale of refined petroleum products	**–**	100
****	Tat Petroleum (S) Pte Ltd Singapore	Dormant	**–**	100
	Tat Petroleum (HK) Pte Limited			
**	Yuen Fung Hong Petroleum Co Ltd Hong Kong	Trading of petroleum products	**–**	100

10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

Subsidiary companies	Auditors
Gardella Coating Philippines, Inc.	Punongbayan & Araullo
Tat Petroleum (Guangzhou) Ltd	Guangzhou Zhonglian Certified Public Accountants Co. Limited
Tat Petroleum (HK) Pte Limited	YCA Partners CPA Limited, Hong Kong
Yuen Fung Hong Petroleum Company Limited Hong Kong	YCA Partners CPA Limited, Hong Kong
Hetat Global Mongolia LLC	Reliance Securities Auditing LLC

*** Audited by Moore Stephens LLP, Singapore
** Audited by other certified public accounting firms (see above)
**** Reviewed by Moore Stephens LLP, Singapore for consolidation purposes and these subsidiary companies are not considered significant
***** Audited by Member firms of Moore Stephens International Limited
Newly incorporated on 3 December 2015
Not required to be audited under the laws of the country of incorporation as the company qualified for exemption for audit

The Group has the following subsidiaries that have material non-controlling interests:

Name of subsidiary (Place of incorporation and principal place of business)	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Eastern Tankstore (S) Pte. Ltd. Singapore	**49%**	49%	**9**	(53)	**500**	1,220
Individually immaterial subsidiaries with non-controlling interests					**349**	277

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10 Subsidiary Companies (Cont'd)

Investment in Subsidiaries (Cont'd)

Summarised financial information in respect of a material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	2015 S$'000	2014 S$'000
Eastern Tankstore (S) Pte. Ltd.		
Current assets	**304**	1,132
Non-current assets	**976**	2,782
Current liabilities	**(260)**	(1,424)
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**520**	1,270
Non-controlling interests	**500**	1,220
Revenue	**4,558**	6,162
Cost of sales and expenses	**(4,539)**	(6,270)
Profit/(loss) for the year	**19**	(108)
Profit/(loss) attributable to owners of the Company	**10**	(55)
Profit/(loss) attributable to the non-controlling interests	**9**	(53)
Profit/(loss) for the year	**19**	(108)
Total comprehensive loss attributable to owners of the Company	**(750)**	(55)
Total comprehensive loss attributable to the non-controlling interests	**(721)**	(53)
Total comprehensive loss for the year	**(1,471)**	(108)
Dividends paid to non-controlling interests	**–**	–
Net cash inflow from operating activities	**275**	216
Net cash outflow from investing activities	**–**	(10)
Net cash outflow from financing activities	**(300)**	(192)
Net cash (outflow)/inflow	**(25)**	14

11 Associated Companies

	Group 2015 S$'000	Group 2014 S$'000	Company 2015 S$'000	Company 2014 S$'000
Unquoted equity shares, at cost				
At the beginning of the year	**5,526**	2,349	**4,026**	849
Additions during the year	**1,788**	3,177	**1,788**	3,177
At the end of the year	**7,314**	5,526	**5,814**	4,026
Impairment loss	**–**	–	**(849)**	(849)
Share of net post acquisition reserves	**12,798**	(999)	**–**	–
	20,112	4,527	**4,965**	3,177

	Name of Company (Country of incorporation and place of business)	Principal activities	Group and Company Cost 2015 S$'000	Group and Company Cost 2014 S$'000	Percentage of equity held 2015 %	Percentage of equity held 2014 %
*	Guangzhou City South Special Coating Company Limited The People's Republic of China	Grit blasting, tank cleaning and painting	**849**	849	**47**	47
**	Serangoon EC Pte. Ltd. Singapore	Real estate development	**1,500**	1,500	**30**	30
***	Aenergy Holdings Company Limited Hong Kong	Investment holding company and its subsidiaries are engaged in constructing, operating and maintaining hydropower plants and the production of electric power	**4,965**	3,177	**25**	25

* Audited by ShineWing Certified Public Accountants
** Audited by Philip Liew & Co (2014: De Associates)
*** Incorporated on 27 March 2014. Appointed Moore Stephens Hong Kong for the financial period ended 31 December 2015.

Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with FRSs (adjusted by the Group for equity accounting purposes).

11 Associated Companies (Cont'd)

Guangzhou City South

	2015 S$'000	2014 S$'000
Current assets	**6,303**	11,576
Non-current assets	**947**	417
Current liabilities	**(10,693)**	(14,200)
Non-current liabilities	**–**	–
Revenue	**36,681**	27,359
(Loss)/profit from continuing operations	**(1,192)**	162
(Loss)/profit for the year	**(1,192)**	162
Total comprehensive (loss)/income for the year	**(1,192)**	162
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangzhou City South recognised in the consolidated financial statements:

	2015 S$'000	2014 S$'000
Net liabilities of the associate	**(3,443)**	(2,207)
Proportion of the Group's ownership in Guangzhou City South	**47%**	47%
Carrying amount of the Group's interest in Guangzhou City South	**–**	–

The Group has not recognised its share of loss/(profit) for the year of an associate amounting to S$560,000 (2014: (S$76,000)) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to S$1,368,000 (2014: S$807,000) at the balance sheet date.

Serangoon EC Pte. Ltd.

	2015 S$'000	2014 S$'000
Current assets	**154,232**	18,346
Non-current assets	**14,432**	253,314
Current liabilities	**(117,524)**	(266,721)
Non-current liabilities	**–**	–
Revenue	**349,284**	–
Profit/(loss) from continuing operations	**46,202**	(6)
Profit/(loss) for the year	**46,202**	(6)
Total comprehensive income/(loss) for the year	**46,202**	(6)
Dividends received from the associate during the year	**–**	–

11 Associated Companies (Cont'd)

Serangoon EC Pte. Ltd. (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Serangoon EC Pte. Ltd. recognised in the consolidated financial statements:

	2015 S$'000	2014 S$'000
Net assets of the associate	**51,140**	4,939
Proportion of the Group's ownership in Serangoon EC Pte. Ltd.	**30%**	30%
Carrying amount of the Group's interest in Serangoon EC Pte. Ltd.	**15,342**	1,482

Aenergy Holdings Company Limited

	2015 S$'000	2014 S$'000
Current assets	**15,929**	14,561
Non-current assets	**2**	3
Current liabilities	**(3,847)**	(2,384)
Non-current liabilities	**–**	–
Revenue	**–**	–
Loss from continuing operations	**(252)**	(535)
Loss for the year	**(252)**	(535)
Total comprehensive loss for the year	**(252)**	(535)
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Aenergy Holdings Company Limited recognised in the consolidated financial statements:

	2015 S$'000	2014 S$'000
Net assets of the associate	**12,084**	12,180
Proportion of the Group's ownership in Aenergy Holdings Company Limited	**25%**	25%
	3,021	3,045
Add: Capital infusion	**1,944**	–
Carrying amount of the Group's interest in Aenergy Holdings Company Limited	**4,965**	3,045

On 8 June 2015, Aenergy made a capital call to the shareholders of the Company to infuse US$5,000,000. The Group infused US$1,250,000 (approximately S$1,788,000) representing 25% of the Group's interest in Aenergy on 6 October 2015. Aenergy has recorded the amount as amount due to shareholders and will be converted to equity once the capital call from other shareholders have been completed.

12 Financial Assets, Available-For-Sale

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Unquoted equity shares, at cost				
Balance at the beginning of the year	**18,162**	14,555	**15,289**	12,555
Additions	**1,550**	3,607	**1,847**	2,734
Balance at the end of the year	**19,712**	18,162	**17,136**	15,289
Unlisted securities:				
– Equity securities – Singapore	**19,712**	18,162	**17,136**	15,289

The investments in unquoted equity shares represent investment in companies that are engaged in developing, building and operating self erecting tender rigs, investment holding and real estate. The Group does not intend to dispose of these investments in the foreseeable future.

13 Goodwill

	Group	
	2015	**2014**
	S$'000	**S$'000**
Goodwill on consolidation:		
At cost:		
Balance at the beginning of the year	**37,177**	11,735
Acquisition of subsidiary (Note 10 (b))	**–**	25,442
Derecognised on disposal of subsidiaries (Note 10 (c))	**(7,973)**	–
Impairment losses recognised in the year	**(2,754)**	–
Balance at year end	**26,450**	37,177

Impairment testing for cash-generating-units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. A segment-level summary of the goodwill allocation is as follows:

	Corrosion prevention		Distribution		Structural steel and facade engineering		Others		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Goodwill	**1,008**	1,008	**–**	7,973	**25,442**	25,442	**–**	2,754	**26,450**	37,177

13 Goodwill (Cont'd)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The following are the key assumptions used for the value-in-use calculations:

	Corrosion prevention		**Distribution**		**Structural steel and facade engineering**		**Others**	
	2015 S$'000	**2014 S$'000**	**2015 S$'000**	**2014 S$'000**	**2015 S$'000**	**2014 S$'000**	**2015 S$'000**	**2014 S$'000**
Gross margin	**11%**	5%	**–**	9%	**20%**	20%	**43%**	3%
Growth rate								
Year 1	**-16%**	0%	**–**	0%	**18%**	9%	**-4%**	0%
Year 2	**10%**	0%	**–**	0%	**17%**	9%	**–**	0%
Year 3-5	**0%**	0%	**–**	10%	**0%**	9%	**–**	0%
Discount rate	**5%**	5%	**–**	5%	**5%**	5%	**5%**	5%
Perpetual growth rate	**0%**	0%	**–**	0%	**0%**	0%	**–**	3%

Management believes that the carrying amount of the CGU is not less than its recoverable amount which has been determined based on value in use using cashflow forecasts. The rate used to discount the forecast cash flows is 5% (2014: 5%).

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

(a) Growth rates – the forecasted growth rates are based on published industry research. The growth rate did not exceed the long-term average growth rate for the CGU in which it operates.

(b) Pre-tax discount rate – the discounted rate represents the current market assessment of the risk specific to each CGU.

Management has considered the possibility of greater than budgeted increase/(decrease) in estimated growth rates and the discount rate used. A 2% increase/(decrease) in the estimated growth rate and the discount rate used would not result in a recoverable amount lower than the carrying amount of the CGU.

During the year, the Group recorded an impairment loss of S$2,754,000 (2014: Nil) in relation to goodwill attributable to the warehousing and storage handling services included in "others" segment. The goodwill was impaired mainly due to the cessation of chemical hub dealings with the RP segment as a result of the disposal (Note 10 (c)). The impairment loss has been included in "other operating expenses" line item in the consolidated statement of comprehensive income.

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14 Intangible Assets

	Capitalised development costs S$'000	Customer listing fee S$'000	Customer contractual backlog S$'000	Total S$'000
Group				
2015				
Cost				
Balance at the beginning of the year	**286**	**283**	**2,353**	**2,922**
Derecognised on disposal of subsidiaries (Note 10 (c))	**–**	**(283)**	**–**	**(283)**
Balance at the end of the year	**286**	**–**	**2,353**	**2,639**
Accumulated amortisation				
Balance at the beginning of the year	**(119)**	**(283)**	**(1,898)**	**(2,300)**
Amortisation expense	**(57)**	**–**	**(455)**	**(512)**
Derecognised on disposal of subsidiaries (Note 10 (c))	**–**	**283**	**–**	**283**
Balance at the end of the year	**(176)**	**–**	**(2,353)**	**(2,529)**
Net book value	**110**	**–**	**–**	**110**
2014				
Cost				
Balance at the beginning of the year	286	283	–	569
Acquisition through a business combination (Note 10 (b))	–	–	2,353	2,353
Balance at the end of the year	286	283	2,353	2,922
Accumulated amortisation				
Balance at the beginning of the year	(62)	(283)	–	(345)
Amortisation expense	(57)	–	(1,898)	(1,955)
Balance at the end of the year	(119)	(283)	(1,898)	(2,300)
Net book value	167	–	455	622

The amortisation expense has been included in the line item 'other operating expenses' in the consolidated statement of comprehensive income.

15 Inventories

	Group	
	2015	**2014**
	S$'000	**S$'000**
Inventories, at cost		
Finished goods	**4,144**	4,244
Refined petroleum products	**–**	27,938
Supplies and spare parts	**55**	56
	4,199	32,238
Allowance for stock obsolescence		
Balance at the beginning of the year	**(685)**	(1,025)
Derecognised on disposal of subsidiaries (Note 10 (c))	**1,397**	–
Provision during the year	**(1,776)**	(398)
Reversal of impairment #	**773**	738
Write off during the year	**175**	–
Balance at the end of the year	**(116)**	(685)
Net	**4,083**	31,553

The total cost of inventories included in cost of sales amounts to S$298,140,000 (2014: S$342,498,000).

Reversal of impairment was due to these previously impaired inventories being sold above their carrying amounts during the year.

16 Trade Receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade receivables	**15,528**	54,124	**1,646**	3,783
Unbilled receivables	**2,483**	7,083	**344**	2,175
Amounts due from customers under construction contracts (Note 21)	**5,704**	4,968	**–**	–
Retention sums on construction contracts	**3,017**	3,059	**–**	–
	26,732	69,234	**1,990**	5,958
Less: Allowance for impairment of trade receivables				
Balance at the beginning of the year	**(1,382)**	(877)	**(344)**	(371)
Allowance during the year	**(3,489)**	(908)	**(113)**	–
Derecognised on disposal of subsidiaries (Note 10(c))	**1,028**	–	**–**	–
Currency alignment	**10**	1	**–**	–
Write off against trade receivables	**539**	126	**–**	27
Reversal of impairment#	**80**	276	**–**	–
Balance at the end of the year	**(3,214)**	(1,382)	**(457)**	(344)
	23,518	67,852	**1,533**	5,614

The credit period for trade receivables ranges from 30 to 90 days (2014: 30 to 90 days). No interest is charged on the outstanding balances of the trade receivables.

Reversal of impairment was due to repayment received during the year from these previously impaired trade receivables.

17 Amounts due from/(to) Subsidiaries

	Company 2015 S$'000	Company 2014 S$'000
Amount due from subsidiary companies		
– non-trade	**22,181**	23,700
Allowance for impairment loss	**(9,491)**	(9,491)
Current amounts due from subsidiaries	**12,690**	14,209
Amounts due to subsidiaries		
– trade	**(1,078)**	(1,111)
– non-trade	**(5,622)**	(7,917)
Current amounts due to subsidiaries	**(6,700)**	(9,028)

The non-trade receivables and payables are unsecured, interest-free, and repayable on demand and will be settled in cash. The credit period for trade receivables and payables ranges from 30 to 90 days (2014: 30 to 90 days). No interest is charged on the outstanding balances.

The Group regularly purchases materials and pay expenses on behalf of related parties. Both parties have an arrangement to settle the net amount due to or from each other on a quarterly term basis.

The following related party balances are subject to offsetting arrangements.

	Gross Carrying amount S$'000	Gross amounts offset in the balance sheet S$'000	Net amounts in the balance sheet S$'000
2015			
Amounts due from subsidiaries			
– non-trade	**22,917**	**(10,227)**	**12,690**
Amounts due to subsidiaries			
– trade	**(4,299)**	**3,221**	**(1,078)**
– non-trade	**(12,176)**	**6,554**	**(5,622)**
	6,442	**(452)**	**5,990**
2014			
Amounts due from subsidiaries			
– non-trade	20,402	(6,193)	14,209
Amounts due to subsidiaries			
– trade	(4,690)	3,579	(1,111)
– non-trade	(15,309)	7,392	(7,917)
	403	4,778	5,181

18 Other Receivables and Prepayments

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Non-current				
Prepayments	**–**	290	**–**	–
Deposit	**–**	6	**–**	–
Other debtors	**–**	316	**–**	–
	–	612	**–**	–
Current				
Advances to sub-contractors	**288**	58	**(1)**	86
Deposits	**732**	1,381	**22**	346
Interest receivable	**1,720**	1,690	**2**	2
Prepayments	**378**	1,576	**98**	81
Retention monies	**91**	104	**–**	–
Sundry debtors[(a)]	**10,078**	530	**10,000**	–
Loan to third party[(b)]	**7,556**	6,822	**7,556**	6,822
Advance payment to suppliers	**–**	1,214	**–**	–
GST recoverable	**89**	693	**37**	–
	20,932	14,068	**17,714**	7,337

(a) Included in sundry debtors is an amount held in escrow of $10,000,000 (2014: Nil) in relation to the disposal of subsidiaries (Note 10 (c)). The escrow account is maintained for a period commencing on the completion date until the later of:

(i) 12th month anniversary from the completion;

(ii) 2 months after the date on which written response is received from the acquirer of the subsidiaries.

(b) Loan is extended to Global Fund Capital Pte. Ltd. ("GFC") pursuant to a shareholder agreement entered into for the purpose of GFC's proposed subscription of approximately 1,524,017 shares in Energy Drilling Pte. Ltd. ("ED") for a consideration of US$5,349,300, as part of a fundraising exercise by ED and having regard to the business prospects of ED. During the year, an additional loan of US$515,478 was advanced to GFC. The loan is non-trade in nature, unsecured and repayable on demand.

19 Loan Receivable from an Associated Company

Loan to an associated company, Serangoon EC Pte. Ltd., is pursuant to an agreement entered into among the associate's shareholders. The loan is unsecured and repayable on demand. Interest is chargeable at 6.5% per annum (2014: 6.5%).

20 Cash and Cash Equivalents

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash at bank and on hand	**102,224**	35,596	**90,691**	3,525
Short-term bank deposits	**1,531**	3,532	**1,531**	1,523
	103,755	39,128	**92,222**	5,048

Short-term bank deposits of the Company and a subsidiary with a total amount of S$1,200,000 (2014: S$3,508,000) are pledged to certain banks to secure the bank facilities (Notes 24 and 25). Fixed deposits bear an average effective interest rate of 0.32% to 0.98% (2014: 0.05% to 1.75%) per annum and for a tenure of approximately 180 days to 1 year (2014: 7 days to 1 year).

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Cash and cash equivalents (as above)	**103,755**	39,128
Less: Bank deposits pledged (Notes 24 and 25)	**(1,200)**	(3,508)
Cash and cash equivalents per consolidated statement of cash flows	**102,555**	35,620

21 Construction Contracts

	Group	
	2015	**2014**
	S$'000	**S$'000**
Construction costs incurred plus recognised profits less losses to date	**37,205**	64,213
Less: Progress billings	**(31,501)**	(59,245)
Amounts due from customers under construction contracts (Note 16)	**5,704**	4,968

22 Trade Payables and Accruals

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade payables	**7,411**	21,755	**91**	201
Accruals	**6,630**	7,557	**3,362**	1,942
	14,041	29,312	**3,453**	2,143

The credit period for trade payables ranges from 30 to 90 days (2014: 30 to 90 days). No interest is charged on the trade payables for the outstanding balances.

23 Other Payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Deposits from customers	**350**	1,629	**–**	–
Foreign workers' tax withheld	**102**	125	**102**	114
GST clearing	**337**	252	**–**	146
Retention payables	**1,057**	1,025	**–**	–
Sundry payables	**537**	426	**236**	103
	2,383	3,457	**338**	363

24 Term Loans

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Current:				
Term loans	**150**	**1,377**	**–**	–

As at the year end, the Group has the following bank loans:

(a) The balance of S$150,000 is repayable in consecutive monthly installments based on agreed terms with the financial institution and will be repayable fully by March 2016.

(b) The credit facilities of the Group and the Company are secured by the following:

- First legal mortgage over 81 Tuas South Street 5, Singapore 637651;
- First legal mortgage over 19 Tuas Avenue 20, Singapore 638830;
- Short-term bank deposits as disclosed in Note 20;
- A corporate guarantee from the Company for S$136.3 million (2014: S$139.3 million); and
- First deed of debenture duly executed, incorporating a fixed and floating charge over the present and future undertaking, assets, revenues and rights of a subsidiary.

24 Term Loans (Cont'd)

(c) Interest rate

The average effective interest rates paid during the year were 2.50% to 2.70% (2014: 1.85% to 2.23%) per annum.

25 Other Amounts due to Bankers

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Current:				
Trust receipts				
[secured-see note 24(b)]	**6,229**	59,821	**–**	3,807

The trust receipts incur interest at a rate of 1.80% to 1.96% (2014: 1.57% to 2.44%) per annum.

26 Finance Leases

The Group and Company acquired certain plant and equipment under leasing facilities. The interest rates implicit in the leases are between 3.0% to 3.3% (2014: 1.25% to 7.23% per annum). Future minimum lease payments under the hire purchase arrangements together with the present value of the net minimum lease payments are as follows:

	Minimum payments 2015 S$'000	**Present value of payments 2015 S$'000**	**Minimum payments 2014 S$'000**	**Present value of payments 2014 S$'000**
Group				
Within one year	**230**	**210**	302	292
After one year but not more than five years	**415**	**386**	268	258
Total minimum lease payments	**645**	**596**	570	550
Amount representing finance charges	**(49)**	**–**	(20)	–
Present value of minimum lease payments	**596**	**596**	550	550

All assets acquired under hire purchase are secured. The net book value of assets acquired under hire purchase is disclosed under Note 9. The hire purchase arrangements do not contain any escalation clauses and do not provide for contingent rents. The terms of the hire purchase do not contain any restrictions on the Group activities concerning dividends, additional debts or entering into other hire purchase agreements.

27 Deferred Income Tax

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
At the beginning of the financial year	**3,503**	2,100	**1,084**	1,165
Acquisition through a business combination	**–**	1,994	**–**	–
Disposal-discontinued operation	**(723)**	–	**–**	–
Additions/(reduction)				
– Recognised in profit or loss	**(578)**	(573)	**(377)**	(81)
– Recognised in other comprehensive income*	**–**	(18)	**–**	–
At the end of the financial year	**2,202**	3,503	**707**	1,084
Deferred tax liabilities	**2,202**	3,503	**707**	1,084

* Recognised in other comprehensive income mainly relates to the tax effect on asset revaluation reserve.

The deferred tax liabilities relate to temporary differences arising from the excess of the net book value over the tax written down value of property, plant and equipment and revaluation to fair value of leasehold buildings.

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that the realisation of the related tax benefits through future taxable profit is probable. The Group has unrecognised tax losses of S$819,000 (2014: S$86,000) and capital allowances of S$560,000 (2014: S$872,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requriements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

28 Share Capital

	Group and Company	
	2015	**2014**
	S$'000	**S$'000**
Issued and fully paid, with no par value:		
At the beginning of the year – 625,561,178 ordinary shares (2014: 438,542,125 ordinary shares)	**143,625**	94,953
Issuance of 526,208 ordinary shares (2014: 144,500,000 ordinary shares)	**105**	36,024
Issuance of 42,519,053 ordinary shares as consideration paid for acquisition of a subsidiary (Note 10(b))	**–**	13,500
Share issue costs	**–**	(852)
At the end of the year – 626,087,386 ordinary shares (2014: 625,561,178 ordinary shares)	**143,730**	143,625

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, except for treasury shares.

29 Treasury Shares

	Group and Company	
	2015	2014
	S$'000	S$'000
At the beginning and end of the year – 17,100,000 treasury shares	**(3,226)**	(3,226)

30 Reserves

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Made up of:				
– Retained earnings/(Accumulated losses)	**75,450**	23,358	**50,794**	(1,909)
– Asset revaluation reserve[(a)]	**1,748**	2,508	**2,874**	2,874
– Foreign currency translation reserve[(b)]	**1,400**	1,172	**–**	–
– Other reserves[(c)]	**–**	(16,687)	**3,297**	–
Total	**78,598**	10,351	**56,965**	965

(a) The above represents the revaluation surplus in respect of leasehold buildings.

(b) The foreign currency translation reserve represents exchange difference arising from investments in foreign subsidiaries.

(c) The other reserve represents the excess of consideration over the fair value of net assets acquired from a non-controlling interest in TAT Group. The amount has been reversed as a result of the disposal of TAT Group as disclosed in Note 10 (c) to the financial statements.

31 Performance Guarantee

	Group	
	2015	2014
	S$'000	S$'000
Performance guarantees (secured – Note 24 (b))	**–**	24,401

The performance guarantees represent guarantees issued by the Group's bankers in favour of certain suppliers of the Group.

32 Commitments

(a) Operating Leases

The Group and the Company leases its office premises under non-cancellable operating lease agreements. The lease expenditure charged to profit or loss during the financial year is disclosed in Note 6.

32 Commitments (Cont'd)

(a) Operating Leases (Cont'd)

The future aggregate minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are analysed as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Not later than one year	**1,212**	1,575	**249**	236
Later than one year but not later than five years	**2,861**	5,512	**996**	944
More than five years	**13,351**	20,591	**2,333**	2,444
	17,424	27,678	**3,578**	3,624

(b) Other Commitments

(i) The Group and Company has uncalled capital commitments amounting to S$7.60 million (2014: S$9.40 million) in relation to uncalled capital of available-for-sale financial assets as at 31 December 2015.

(ii) The Group has undrawn bank facilities amounting to S$17.5 million with various banks as at 31 December 2015. The undrawn bank facilities are secured by a first legal mortgage of property located at Batu 24, Jalan Johor, Pontian, Malaysia and a joint corporate guarantee from the Company and its subsidiaries amounting to S$16.4 million.

(iii) The Company has given an undertaking to continue to provide financial support to certain subsidiaries for the next 12 months from the date of authorisation of their financial statements.

33 Related Party Transactions

During the year, the Group entered into transactions with related parties, on terms agreed between the parties, as shown below:

		Group	
		2015	**2014**
		S$'000	**S$'000**
(a)	Key management personnel compensation		
	The remuneration of executive directors and key management is as follows:		
	Salaries and other short-term employee benefits	**4,799**	4,391
	Defined contribution plans	**100**	108
		4,899	4,499
	Directors' fees to non-executive directors	**284**	219
		5,183	4,718
	<u>Comprise amounts paid to:</u>		
	Directors of the Company	**3,273**	2,736
	Key management personnel	**1,910**	1,982
		5,183	4,718
(b)	Professional fees paid to a firm in which a director is a partner of the firm.	**189**	–

34 Directors' Remuneration

	Group	
	2015	**2014**
Number of Directors in remuneration bands of:		
S$1,250,000 to S$1,500,000	**1**	–
S$750,000 to S$999,999	**1**	1
S$500,000 to S$749,999	**1**	2
S$250,000 to S$499,999	**–**	1
Below S$250,000	**6**	3
	9	7

35 Dividends Paid

	Group and Company	
	2015	2014
	S$'000	S$'000
Final dividend of 0.93 cents per ordinary share, tax-exempt one-tier, paid in respect of 2015 and 2014	**5,659**	5,659

36 Segment Information

Products and services from which reportable segments derive their revenues

Segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is also focused on the two principal reportable segments of the Group. The Group's reportable segments under FRS 108 are therefore as follows:

- Corrosion prevention
- Distribution- discontinued operation (Note 10 (c))
- Structural steel and facade engineering
- Others

The corrosion prevention segment provides coating services to marine, oil and gas, construction and infrastructure industries.

The distribution segment distributes refined petroleum products.

The structural steel and facade engineering is in the business of designing, engineering and construction of steel, aluminium and glass structures.

Others segment consist of property development business, warehousing, storage handling services, corporate head office and strategic investments.

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36 Segment Information (Cont'd)

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

(a) Segment Revenues and Results

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

	Corrosion prevention		Distribution (Discontinued operation)		Structural steel and facade engineering		Others		Adjustment and eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment revenue	**23,020**	33,377	**324,624**	360,708	**38,827**	51,693	**880**	994	**(324,624)**	(360,708)	**62,727**	86,064
Segment result	**3,054**	7,682	**25,342**	21,373	**4,061**	8,834	**(119)**	12	**(25,342)**	(21,373)	**6,996**	16,528
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**(2,754)**	–	**–**	–	**(2,754)**	–
Finance cost	**–**	–	**(1,066)**	(1,105)	**(90)**	(138)	**(10)**	(12)	**1,066**	1,105	**(100)**	(150)
Share of profit/(loss) of associated companies, net of tax											**13,797**	(135)
Central administration costs and directors' salaries											**(9,536)**	(10,097)
Other income											**698**	2,033
Profit before tax											**9,101**	8,179

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the year 2015 is S$11,710,000 (2014: S$12,213,000).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2(x). Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates and other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

36 Segment Information (Cont'd)

(b) Segment Assets and Liabilities

	Group 2015 S$'000	Group 2014 S$'000
Segment assets		
Corrosion prevention	**32,593**	39,866
Distribution- (discontinued operation Note 10 (c))	**–**	115,660
Structural steel and facade engineering	**61,855**	63,158
Others	**151,962**	35,490
Total segment assets	**246,410**	254,174
Consolidated assets	**246,410**	254,174
Segment liabilities		
Corrosion prevention	**8,547**	9,537
Distribution- (discontinued operation Note 10 (c))	**–**	72,222
Structural steel and facade engineering	**11,710**	11,324
Others	**3,142**	1,434
Total segment liabilities	**23,399**	94,517
Unallocated liabilities		
– Provision for taxation	**858**	3,907
– Deferred income tax	**2,202**	3,503
Consolidated liabilities	**26,459**	101,927

36 Segment Information (Cont'd)

(c) Other Segment Information

	Group			
	Depreciation and amortisation		Additions to non-current assets	
	Year ended 2015 S$'000	Year ended 2014 S$'000	Year ended 2015 S$'000	Year ended 2014 S$'000
Corrosion prevention	**1,757**	1,697	**633**	1,029
Distribution- (discontinued operation) (Note 10 (c))	**1,366**	1,408	**806**	415
Structural steel and facade engineering	**1,740**	3,582	**2,585**	42,690
Others	**316**	318	**1,788**	3,185
	5,179	7,005	**5,812**	47,319

(d) Geographical Information

The Group's continuing operation is primarily carried out in Singapore. The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Group's revenue from external customers		Group's non-current assets	
	Year ended 2015 S$'000	Year ended 2014 S$'000	As at 31/12/15 S$'000	As at 31/12/14 S$'000
Singapore	**56,380**	71,664	**73,724**	63,010
Rest of South East Asia[a]	**6,199**	11,864	**73**	116
People's Republic of China	**39**	2,128	**12**	–
Others[b]	**109**	408	**1**	20
	62,727	86,064	**73,810**	63,146

(a) Rest of South East Asia includes Malaysia, Vietnam, Thailand, and Indonesia.
(b) Others include Mongolia, Korea and others.

Non-current assets excludes loan receivable from an associate and financial assets, available for sale.

(e) There was no single individual customer, which contributed significantly to the Group's revenue.

37 Financial Instruments

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Financial Risk Management Objectives and Policies

(i) Interest rate risk

The Group and Company obtain accounts receivable financing, letters of credit, trust receipts and overdraft facilities and term loans from banks. The Group's and Company's policy is to obtain the most favourable interest rates available. Surplus funds are placed with reputable banks.

The tables below set out the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Fixed Rates		**Variable Rates**		**Non-**	
	Less than 1 year S$'000	**1 to 5 years S$'000**	**Less than 1 year S$'000**	**1 to 5 years S$'000**	**Interest bearing S$'000**	**Total S$'000**
At 31 December 2015						
Assets						
Cash and cash equivalents	**1,531**	**–**	**–**	**–**	**102,224**	**103,755**
Trade and other receivables	**–**	**–**	**–**	**–**	**43,695**	**43,695**
Loan receivable from an associated company	**600**	**–**	**–**	**–**	**–**	**600**
Other financial assets	**–**	**–**	**–**	**–**	**19,712**	**19,712**
Total Assets	**2,131**	**–**	**–**	**–**	**165,631**	**167,762**
Liabilities						
Trade and other payables	**–**	**–**	**–**	**–**	**15,635**	**15,635**
Term loans	**–**	**–**	**150**	**–**	**–**	**150**
Other amounts due to bankers	**–**	**–**	**6,229**	**–**	**–**	**6,229**
Finance lease	**210**	**387**	**–**	**–**	**–**	**597**
Total Liabilities	**210**	**387**	**6,379**	**–**	**15,635**	**22,611**

37 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(i) Interest rate risk (Cont'd)

	Fixed Rates		**Variable Rates**		**Non-**	
	Less than 1 year S$'000	**1 to 5 years S$'000**	**Less than 1 year S$'000**	**1 to 5 years S$'000**	**Interest bearing S$'000**	**Total S$'000**
At 31 December 2014						
Assets						
Cash and cash equivalents	3,532	–	–	–	35,596	39,128
Trade and other receivables	–	–	–	–	78,701	78,701
Loan receivable from an associated company	600	–	–	–	–	600
Club membership	–	–	–	–	125	125
Other financial assets	–	–	–	–	18,162	18,162
Total Assets	4,132	–	–	–	132,584	136,716
Liabilities						
Trade and other payables	–	–	–	–	30,763	30,763
Term loans	–	–	1,377	–	–	1,377
Other amounts due to bankers	–	–	59,821	–	–	59,821
Finance lease	292	258	–	–	–	550
Total Liabilities	292	258	61,198	–	30,763	92,511

A 100 basis point increase/decrease in the underlying borrowings at variable rates at the reporting date would decrease/increase profit or loss by the following amount:

	Group	
	2015 S$'000	**2014 S$'000**
Profit or loss	**53**	508

This analysis assumes that all other variables remain constant.

The Group does not have any significant interest bearing borrowings that exposes it to interest rate risk on variable rates.

37 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(ii) Credit risk

Credit risk is limited to the risk arising from the inability of a debtor to make payments when due. It is the Group's policy to provide credit terms to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amount of trade and other receivables, loan receivable from an associated company, cash and bank balances and fixed deposits represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

In addition, the Group's exposure to credit risk in relation to financial guarantee given to banks provided by the Group. The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of reporting period are as follows:

Corporate guarantees provided to financial institutions on borrowings of subsidiaries, former subsidiaries and associated companies:

	Company	
	2015	2014
	S$'000	S$'000
Total facilities (Note 39 (d))	**138,146**	139,311
Total outstanding	**6,379**	61,198

The credit risk for trade, other receivables and loan receivable based on information provided by key management is as follows:

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
By geographical areas				
Singapore	**41,761**	58,150	**18,769**	12,870
Vietnam	**–**	6,695	**–**	–
Indonesia	**–**	922	**–**	–
People's Republic of China	**232**	3,541	**–**	–
Rest of South East Asia	**2,149**	6,609	**–**	–
Others	**153**	3,384	**–**	–
	44,295	79,301	**18,769**	12,870

37 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(ii) Credit risk (Cont'd)

a. Financial assets that are neither past due nor impaired.

Trade and other receivables that are neither past due nor impaired are credit worthy companies with a good payment record with the Group. Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings and no history of default. Trade, other receivables and loan receivable that are neither past due nor impaired amounted to S$27,453,000 (2014: S$37,844,000).

b. The aged analysis of trade and other receivables past due but not impaired is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Past due within 30 days	**8,398**	27,116	**44**	300
Past due 31 to 60 days	**1,885**	6,948	**105**	443
Past due 61 to 90 days	**860**	2,943	**266**	241
Past due over 90 days	**5,699**	3,850	**1,093**	1,584
	16,842	40,857	**1,508**	2,568

The Group believes that the unimpaired amounts that are past due by more than 90 days are still collectible, based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

The carrying amount of trade receivables individually determined to be impaired at the balance sheet date is as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Trade receivables-nominal amounts	**3,214**	1,382
Less: Allowance for impairment	**(3,214)**	(1,382)
	–	–

The impaired trade receivable arose from long outstanding amounts due from customers which remained unpaid at the balance sheet date and accordingly there are significant uncertainties over the recovery of these amounts due from these customers.

37 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(iii) Liquidity risk

The Group currently obtains funding mainly from accounts receivable financing, letters of credit, trust receipts and overdraft facilities and term loan facilities from banks.

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flow:

	Carrying amount S$'000	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000	Total S$'000
Group						
At 31 December 2015						
Liabilities						
Trade and other payables	**15,635**	**15,635**	**–**	**–**	**–**	**15,635**
Finance lease	**597**	**230**	**415**	**–**	**–**	**645**
Term loans	**150**	**151**	**–**	**–**	**–**	**151**
Others amount due to bankers	**6,229**	**6,229**	**–**	**–**	**–**	**6,229**
	22,611	**22,245**	**415**	**–**	**–**	**22,660**
At 31 December 2014						
Liabilities						
Trade and other payables	30,763	30,763	–	–	–	30,763
Finance lease	550	302	268	–	–	570
Term loans	1,377	1,386	–	–	–	1,386
Others amount due to bankers	59,821	60,246	–	–	–	60,246
	92,511	92,697	268	–	–	92,965
Company						
At 31 December 2015						
Liabilities						
Trade and other payables	**3,791**	**3,791**	**–**	**–**	**–**	**3,791**
Amounts due to subsidiaries	**6,700**	**6,700**	**–**	**–**	**–**	**6,700**
	10,491	**10,491**	**–**	**–**	**–**	**10,491**
At 31 December 2014						
Liabilities						
Trade and other payables	2,246	2,246	–	–	–	2,246
Amounts due to subsidiaries	9,028	9,028	–	–	–	9,028
Other amount due to bankers	3,807	3,827	–	–	–	3,827
	15,081	15,101	–	–	–	15,101

37 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(iii) Liquidity risk (Cont'd)

In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group relies on bank borrowings as a significant source of liquidity.

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

	Carrying amount S$'000	Less than 1 year S$'000	Between 1 and 2 years S$'000	Between 2 and 5 years S$'000	Over 5 years S$'000	Total S$'000
Company						
At 31 December 2015						
Financial guarantees	**138,146**	**138,146**	**–**	**–**	**–**	**138,146**
At 31 December 2014						
Financial guarantees	139,311	139,311	–	–	–	139,311

(iv) Foreign currency risk

The Group operates internationally and is exposed to various currencies, mainly to US Dollars.

The Group uses forward foreign exchange contracts to hedge a portion of its future foreign exchange exposures. Such contracts provide for the Group to buy/sell United States dollar at predetermined forward rates, depending on forecast requirements, with settlement dates that are within the next one month. The Group uses forward contracts purely as a hedging tool. It does not take a position in currencies with a view to make speculative gains from currency movements.

The fair value of the forward foreign contracts are calculated based on current market rates. As at 31 December 2015, the notional exchange value of the outstanding forward foreign exchange contracts was US$1.5 million (equivalent to S$2.1 million) (2014: US$5.0 million (equivalent to S$6.6 million). Management has assessed that the fair value of the outstanding forward foreign exchange contracts to be insignificant as at the balance sheet date.

37 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(iv) Foreign currency risk (Cont'd)

In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under other comprehensive income and foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

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

	USD S$'000	RMB S$'000	MYR S$'000	Others S$'000
At 31 December 2015				
Financial assets				
Cash and cash equivalents	1,901	281	1,349	30
Trade and other receivables excluding prepayments	7,820	232	1,843	18
	9,721	513	3,192	48
Financial liabilities				
Other amounts due to bankers	3,603	–	–	–
Trade payables and accruals	497	9	272	282
Other payables	–	–	3	3
	4,100	9	275	285
Net financial assets/(liabilities)	5,621	504	2,917	(237)
Less: Forward exchange contracts	2,124	–	–	–
Sub-total	7,745	504	2,917	(237)
Less: Net financial liabilities/(assets) denominated in the respective entity's functional currency	–	(504)	(2,917)	237
Currency exposure	7,745	–	–	–

37 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(iv) Foreign currency risk (Cont'd)

	USD S$'000	RMB S$'000	WON S$'000	DONG S$'000	Others S$'000
At 31 December 2014					
Financial assets					
Cash and cash equivalents	11,525	393	2,045	335	4,735
Trade and other receivables excluding prepayments	20,865	312	312	4,917	6,666
	32,390	705	2,357	5,252	11,401
Financial liabilities					
Term loans	–	–	–	–	–
Other amounts due to bankers	28,851	–	–	–	–
Trade payables and accruals	12,375	291	64	297	1,662
Other payables	199	231	50	5	89
	41,425	522	114	302	1,751
Net financial assets/(liabilities)	(9,035)	183	2,243	4,950	9,650
Less: Forward exchange contracts	6,617	–	–	–	–
Sub-total	(2,418)	183	2,243	4,950	9,650
Less: Net financial liabilities/ (assets) denominated in the respective entity's functional currency	–	(183)	(2,243)	(4,950)	(9,650)
Currency exposure	(2,418)	–	–	–	–

Sensitivity analysis

If the Singapore dollar strengthens by 5% against the United States Dollar, profit after tax will increase by:

	Group 2015 S$'000	Group 2014 S$'000
Group profit	**321**	100

For a 5% weakening of the S$ against the relevant currency, there would be a comparable impact on the profit after tax.

37 Financial Instruments (Cont'd)

(a) Financial Risk Management Objectives and Policies (Cont'd)

(v) Capital risk

The Group's and the Company's objectives when managing capital are: (a) to safeguard the Group's and the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and (b) to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group and the Company set the amount of capital in proportion to risk. The Group and the Company manage the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group's and the Company's overall strategy remains unchanged from 2014.

The Group and the Company are not subject to any externally imposed capital requirements.

The Group and the Company monitor capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total debt (excluding provision for tax and deferred income tax) less cash and cash equivalents. Equity comprises all components of equity (i.e. share capital, retained earnings, and reserves).

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Net debt	**N.M***	55,389	**N.M***	10,293
Equity	**219,102**	150,750	**197,469**	141,364
Net debt-to-equity ratio	**–**	0.37	**–**	0.07

* N.M. – Not meaningful as the Group's and Company's cash and cash equivalents exceeded its total liabilities as at 31 December 2015.

38 Fair Value of Assets and Liabilities

The carrying amounts of the Group's and Company's current assets and current liabilities approximate their fair values due to their short-term maturity.

(a) Fair Value Hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets measured at Fair Value

The following table presents the assets measured at fair value as at the balance sheet date:

	Level 1 S$'000	**Level 2 S$'000**	**Level 3 S$'000**	**Total S$'000**
Group				
2015				
Leasehold properties	**–**	**20,710**	**–**	**20,710**
2014				
Leasehold properties	–	31,120	–	31,120
Company				
2015				
Leasehold properties	**–**	**8,707**	**–**	**8,707**
2014				
Leasehold properties	–	9,278	–	9,278

There was no transfer between Level 1 and Level 3 during the financial year ended 31 December 2015 and 31 December 2014.

38 Fair Value of Assets and Liabilities (Cont'd)

(c) Level 2 Fair Value Measurements

Description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Leasehold properties

The valuation of leasehold properties is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

(d) Fair value of assets and liabilities that are not measured at fair value on recurring basis (but fair value disclosures are required)

The following table shows an analysis of the Group's and Company's assets and liabilities not measured at fair value at 31 December but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets Level 1 S$'000	**Significant observable inputs other than quoted price Level 2 S$'000**	**Significant unobservable inputs Level 3 S$'000**	**Total S$'000**	**Carrying amount S$'000**
Group					
At 31 December 2015					
Assets					
Available-for-sale financial assets					
– Unquoted securities	**–**	**–**	**#**	**#**	**19,712**
	–	**–**	**#**	**#**	**19,712**
Liabilities					
Finance leases (non-current)	**–**	**–**	**415**	**415**	**386**
At 31 December 2014					
Assets					
Available-for-sale financial assets					
– Unquoted securities	–	–	#	#	18,162
Loan receivable from an associated company	–	–	–	–	–
Other receivables (non-current)	–	–	316	316	316
	–	–	316	316	18,478
Liabilities					
Finance leases (non-current)	–	–	268	268	258

38 Fair Value of Assets and Liabilities (Cont'd)

(d) Fair value of assets and liabilities that are not measured at fair value on recurring basis (but fair value disclosures are required) (Cont'd)

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical assets Level 1 S$'000	Significant observable inputs other than quoted price Level 2 S$'000	Significant unobservable inputs Level 3 S$'000	Total S$'000	Carrying amount S$'000
Company					
At 31 December 2015					
Assets					
Available-for-sale financial assets					
– Unquoted securities	**–**	**–**	**#**	**#**	**17,136**
At 31 December 2014					
Assets					
Available-for-sale financial assets					
– Unquoted securities	–	–	#	#	15,289

\# Fair value information has not been disclosed for the Group's and Company's investments in unquoted securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent investments in companies that are not quoted on any market and do not have any comparable industry peer that is listed.

Fair value of the financial assets included in Level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis at market incremental lending rates for similar types of lending or leasing arrangements at the end of the reporting period, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Valuation policies and procedures

The Group has an established control framework with respect to the measurement of fair values. This framework includes a finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values. The finance team regularly reviews significant unobservable inputs and valuation adjustments.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, the Group will engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 fair value measurement guidance to perform the valuation. For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs.

38 Fair Value of Assets and Liabilities (Cont'd)

Valuation policies and procedures (Cont'd)

If third party information is used to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified. Significant valuation issues are reported to the Group Audit Committee.

39 Subsequent Events after Balance Sheet Date

	Group	
	2015	**2014**
	S$'000	**S$'000**
(a) After the balance sheet date, the Directors proposed the following dividends:		
– Final dividend of 0.32 cents (2014: 0.93 cents) per ordinary share, tax-exempt one-tier	**1,979**	5,659
– Special dividend of 3.68 cents (2014: Nil) per ordinary share, tax-exempt one-tier	**22,763**	–

Subsequent to the year end, the proposed dividends are calculated based on total ordinary shares issued as at the report date, excluding treasury shares. The proposed dividends in respect of the current financial year will be recorded as a liability on the balance sheets of the Company and the Group in the financial year ending 31 December 2016, subject to approval of the shareholders at the next Annual General Meeting of the Company.

(b) On 24 February 2016, the Company through its wholly owned subsidiary, Sinenergy Holdings Pte Ltd, has incorporated a new subsidiary in Bangladesh, namely, HDFC SinPower Limited ("HDFC"). The principal activity is to build, develop, install, setup, own and operate Power Plants in Bangladesh. The Group effectively owns 65% of HDFC.

(c) On 10 March 2016, the Company through its wholly owned subsidiary, Hetat Holdings Pte. Ltd., has incorporated a joint venture in The Republic of the Union of Myanmar, namely, Pacific Land Development Co., Ltd. ("Pacific Land"). The principal activity is to provide services related to technical consultancy for construction, mechanical or electrical installation and other services related to construction. The Group effectively owns 50% of Pacific Land.

(d) As at the report date, corporate guarantees provided to financial institutions on borrowings of former subsidiaries had been discharged and total corporate guarantees provided to subsidiaries reduced to S$17.3 million from S$138.1 million.

STATISTICS OF SHAREHOLDINGS

As at 24 March 2016

Number of Issued Shares (excluding Treasury Shares)	:	616,839,861 ordinary shares
Number/Percentage of Treasury Shares against total number of Issued Shares (excluding Treasury Shares)	:	17,100,000 (2.77%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	1 vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	402	13.07	4,478	0.00
100 – 1,000	153	4.98	108,915	0.02
1,001 – 10,000	869	28.26	6,496,087	1.05
10,001 – 1,000,000	1,609	52.32	127,042,893	20.60
1,000,001 AND ABOVE	42	1.37	483,187,488	78.33
TOTAL	**3,075**	**100.00**	**616,839,861**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CIMB SECURITIES (SINGAPORE) PTE. LTD.	157,595,077	25.55
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	41,259,527	6.69
3	OCBC SECURITIES PRIVATE LIMITED	39,740,200	6.44
4	SBS NOMINEES PRIVATE LIMITED	38,042,526	6.17
5	PHILLIP SECURITIES PTE LTD	36,036,108	5.84
6	BANK OF SINGAPORE NOMINEES PTE. LTD.	34,529,575	5.60
7	CITIBANK NOMINEES SINGAPORE PTE LTD	21,769,900	3.53
8	RICHILL INDUSTRIES PTE LTD	11,764,000	1.91
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,880,220	1.44
10	RHB SECURITIES SINGAPORE PTE. LTD.	8,469,200	1.37
11	ONG ENG LOKE	8,300,000	1.35
12	UOB KAY HIAN PRIVATE LIMITED	6,896,300	1.12
13	DBS NOMINEES (PRIVATE) LIMITED	5,929,539	0.96
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,663,500	0.76
15	VICTOR ENTERPRISES PTE LTD	4,143,000	0.67
16	KHOO THOMAS CLIVE	4,120,000	0.67
17	CHUA LIAK CHNG SC	3,905,700	0.63
18	ELIZABETH OOI HEAN GIN	3,620,000	0.59
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,608,808	0.59
20	STONE ROBERT ALEXANDER	3,450,000	0.56
	TOTAL	**446,723,180**	**72.44**

STATISTICS OF SHAREHOLDINGS

As at 24 March 2016

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 24 March 2016)

	Direct Interest	%	Deemed Interest	%
Ng Han Kok (Note 1)	–	–	108,395,353	17.57
Teng Choon Kiat (Note 2)	–	–	158,505,600	25.70

Notes:

(1) Mr Ng Han Kok's deemed interest arising from 36,259,527 Shares registered under Maybank Nominees (Singapore) Private Limited, 32,017,000 Shares registered under Phillip Securities Pte Ltd, 1,826,300 Shares registered under OCBC Securities Private Limited, 38,042,526 Shares registered under SBS Nominees Private Limited and 250,000 Shares held by his spouse, Mdm Ong Woo.

(2) Mr Teng Choon Kiat's deemed interest arising from 156,038,600 Shares registered under CIMB Securities (Singapore) Pte Ltd and 2,467,000 Shares held by Entraco Venture Corporation Pte Ltd.

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF THE PUBLIC

Approximately 51.31% of the Company's shares (excluding treasury shares) are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

STATISTICS OF WARRANTHOLDINGS

As at 24 March 2016

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	446	17.98	4,454	0.00
100 – 1,000	186	7.50	122,437	0.04
1,001 – 10,000	1,029	41.47	6,101,819	2.07
10,001 – 1,000,000	792	31.92	55,423,206	18.77
1,000,001 AND ABOVE	28	1.13	233,610,987	79.12
TOTAL	**2,481**	**100.00**	**295,262,903**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	OCBC SECURITIES PRIVATE LIMITED	44,190,900	14.97
2	PHILLIP SECURITIES PTE LTD	27,496,809	9.31
3	NG HAN KOK	26,521,263	8.98
4	PENG YANAN	20,683,200	7.01
5	BANK OF SINGAPORE NOMINEES PTE. LTD.	19,362,287	6.56
6	TENG CHOON KIAT	13,859,000	4.69
7	NG HAN KOK	10,629,763	3.60
8	CITIBANK NOMINEES SINGAPORE PTE LTD	10,452,500	3.54
9	TAY SIA PUAN	10,000,000	3.39
10	CHEW HOE SOON	8,514,500	2.88
11	SINGAPORT CLEANSEAS PTE LTD	8,340,000	2.82
12	LOKE CHEE CHOONG	4,175,000	1.41
13	KHOO THOMAS CLIVE	2,627,500	0.89
14	MCPEC MARINE AND OFFSHORE ENGINEERING PTE LTD	2,500,000	0.85
15	RHB SECURITIES SINGAPORE PTE. LTD.	2,430,200	0.82
16	DBS NOMINEES (PRIVATE) LIMITED	2,409,511	0.82
17	TAN CHWEE HONG CECILIA	2,025,500	0.69
18	UOB KAY HIAN PRIVATE LIMITED	2,023,900	0.69
19	TAN SOON KEE	2,000,000	0.68
20	LEE OON GIM	1,930,400	0.65
	TOTAL	**222,172,233**	**75.25**

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SHS Holdings Ltd. (the "Company") will be held at 81 Tuas South Street 5, Singapore 637651 on Thursday, 28 April 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final (one-tier tax exempt) dividend of 0.32 Singapore cent per ordinary share and a special (one-tier tax exempt) dividend of 3.68 Singapore cents per ordinary share for the year ended 31 December 2015. (2014: Final (one-tier tax exempt) dividend of 0.93 Singapore cent per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to the Constitution of the Company:

Mr Goh Koon Seng	(Retiring under Article 90)	**(Resolution 3)**
Mr Lee Kuo Chuen	(Retiring under Article 90)	**(Resolution 4)**
Mr Lee Gee Aik	(Retiring under Article 96)	**(Resolution 5)**

Mr Lee Kuo Chuen will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and members of the Audit and Remuneration Committees, and will be considered independent.

Mr Lee Gee Aik will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee, and will be considered independent.

4. To approve the payment of Directors' fees of up to S$284,000 for the year ending 31 December 2016 (2015: S$284,000). **(Resolution 6)**

5. To approve additional Directors' fees of S$280,000 for the year ended 31 December 2015. **(Resolution 7)**

6. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**

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

NOTICE OF
ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

8. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

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

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (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 of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

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

[See Explanatory Note (i)] **(Resolution 9)**

9. **Authority to issue shares under the SHS Employees Share Option Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant options under the prevailing SHS Employees Share Option Scheme (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 options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a 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 earlier.

[See Explanatory Note (ii)] **(Resolution 10)**

10. **Proposed Renewal of the Share Buyback Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

(ii) off-market purchase(s) (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

NOTICE OF ANNUAL GENERAL MEETING

(b) unless revoked or varied by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

   (i) the date on which the next annual general meeting of the Company is held or required by law to be held; and

   (ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out in full to the Prescribed Limit mandated;

(c) in this Resolution:

“Prescribed Limit” means that number of issued Shares representing ten per centum (10%) of the total number of issued Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of the total number of issued Shares of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares will be disregarded for purposes of computing the ten per centum (10%) limit; and

“Relevant Period” means the period commencing from the date of the annual general meeting at which the renewal of the Share Buyback Mandate is approved and thereafter, expiring on the date on which the next annual general meeting is held or required by law to be held, whichever is earlier, after the date of this Resolution; and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price (as hereafter defined); and

(ii) in the case of an Off-Market Purchase, one hundred and fifteen per centum (115%) of the Average Closing Price (as hereafter defined),

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as hereafter defined) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs after the relevant five-day period; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

NOTICE OF ANNUAL GENERAL MEETING

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Buyback Mandate, in any manner as they think fit, which is permissible under the Companies Act; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient and necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iii)] **(Resolution 11)**

By Order of the Board

Lynn Wan Tiew Leng
Ng Tze Lee
Company Secretaries

Singapore, 12 April 2016

Explanatory Notes:

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

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

(ii) The Ordinary Resolution 10 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

NOTICE OF
ANNUAL GENERAL MEETING

(iii) The Ordinary Resolution 11 in item 10 above, if passed, will empower the Directors of the Company to purchase or acquire its issued Shares from time to time (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) of up to ten per cent. (10%) of the total number of issued Shares (excluding treasury shares) at the prices of up to but not exceeding the Maximum Price, being in accordance with the terms and subject to the conditions set out in Appendix dated 12 April 2016 to the Company's Annual Report for its financial year ended 31 December 2015, the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited. This authority will, unless revoked or varied at general meeting, continue in force until the earlier of (i) the date that the next annual general meeting of the Company is held or required by law to be held and (ii) the date on which the purchase or acquisition of Shares are carried out in full to the Prescribed Limit mandated.

The Company intends to use internal sources of funds to finance the purchase or acquisition of its Shares pursuant to the Share Buyback Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, whether the purchase or acquisition of Shares is made out of capital or profit, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Purely for illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed Share Buyback Mandate on the audited consolidated financial statements of the Company for the financial year ended 31 December 2015, based on certain assumptions, are set out in paragraph 2.8 of the Appendix dated 12 April 2016 to the Company's Annual Report for its financial year ended 31 December 2015. Please refer to the said Appendix for more details.

Notes:

1. (a) A Member who is not a relevant intermediary, is entitled to appoint not more two proxies to attend and vote at the Annual General Meeting (the "Meeting").

   (b) A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member.

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

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

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 81 Tuas South Street 5, Singapore 637651 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF 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 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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.

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SHS HOLDINGS LTD.

Company Registration No. 197502208Z
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy SHS Holdings Ltd.'s shares, this Report is forwarded to them at the request of the CPF Approved Nominees.
3. 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, ______________________________ (Name)

______________________________ (NRIC/Passport No./Company Registration No.)

of ______________________________ (Address)

being a member/members of SHS HOLDINGS LTD. (the "**Company**") hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 81 Tuas South Street 5, Singapore 637651 on **Thursday, 28 April 2016 at 10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

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

No.	**Resolutions relating to:**	**Number of Votes For(1)**	**Number of Votes Against(1)**
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2	Payment of a proposed final dividend and special one-tier tax exempt dividend		
3	Re-election of Mr Goh Koon Seng as a Director		
4	Re-election of Mr Lee Kuo Chuen as a Director		
5	Re-election of Mr Lee Gee Aik as Director		
6	Approval of Directors' fees of up to S$284,000 for the year ending 31 December 2016		
7	Approval of additional Directors' fees of S$280,000 for the year ended 31 December 2015		
8	Re-appointment of Moore Stephens LLP as Auditors		
9	Authority to issue shares		
10	Authority to issue shares under the SHS Employees Share Option Scheme		
11	Proposed renewal of the Share Buyback Mandate		

(1) If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ________________ 2016

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

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 81 Tuas South Street 5, Singapore 637651 not less than 48 hours before the time appointed for the Meeting.

7. 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. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2016.




SHS HOLDINGS LTD.

81 Tuas South Street 5 Singapore 637651 | Tel: (65) 6790 2888 | Fax: (65) 6790 2828 | www.shsholdings.com.sg