pteris Global

Member of the CIMC Group







Rising Growth

ANNUAL REPORT 2015

MEMBER OF THE CIMC 中集

CONTENTS

01 Corporate Profile
01 Our Vision & Mission
08 Our Core Business
12 Global Footprint
14 Chairman's Message
16 CEO's Message
18 Board of Directors
21 Senior Management
23 Senior Advisers
24 Key Corporate Events
25 Report on Corporate Governance
45 Financial Contents

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

The contact person for the Sponsor is Soo Hsin Yu, Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road, #21-02 Singapore 068896, Telephone (65) 6854-6160.



CORPORATE PROFILE

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

The Group's market reach extends across more than 120 countries spanning six continents.

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

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

MISSION

Providing high-quality and reliable equipment and services for logistics and energy industries, good returns for shareholders and employees, and sustainable contribution to the society

VISION

To be a global leading enterprise in the industry

CORE VALUES

Integrity Based,
Customer Foremost,
Efficiency Driven,
Innovation Unlimited,
Dedication Committed,
Perfection Pursued

CORE HRM CONCEPT

Human Oriented,
Common Cause

ENTERPRISE SPIRIT

Ceaseless Self-Development,
Endless Challenges



Passenger Boarding Bridges



Logistics Systems



Ground Support Equipment



Integrated **Solutions**

Extensive range of integrated logistics solutions for aviation and other industries around the world

Passenger Boarding Bridges & Automated Parking Systems

We are the world's leading supplier of Airport Passenger Boarding Bridges with an impeccable track record of delivering high quality products catering to a wide range of aircraft. Our automated parking systems provide leading edge technology focusing on efficient and intelligent parking management.

Revenue for PBB

S$192.8 MILLION

+25.3%

Increased by 25.3% from FY2014 S$153.9 million



South China Base for Corporate Headquarter and PBB Production
(Shenzhen City, Guangdong Province, China)



North China Base for GSE Production
(Langfang City, Hebei Province, China)



East China Base for Logistics Systems Equipment Production
(Kunshan City, Jiangsu Province, China)



Facilities and **Capacities**

State-of-the-art manufacturing facilities and equipment with robust and scalable capacity

Logistics Systems: Baggage and Material Handling Systems

We are a total system solutions provider that delivers a comprehensive suite of engineering solutions from detailed engineering design and computer simulation to manufacturing, project implementation and maintenance services.

Revenue for Logistics Systems

S$121.5 MILLION

+82.7%

Increased by 82.7% from FY2014 S$66.5 million


pteris
Global
MEMBER OF THE
CIMC 中集
GROUP



Innovation and **Re-innovation**

Constant strive towards innovation and re-invention in the way we engineer so as to create a customer experience like none other

Ground Support Equipment

We are one of the world's leading suppliers of ground support equipment to aviation industries worldwide. We design, engineer and build innovative and superior quality ground support equipment solutions with a comprehensive suite of after-sales services.

Revenue for GSE

S$27.1 MILLION

+32.2%

Increased by 32.2% from FY2014 S$20.5 million

CORE BUSINESS



1 Passenger Boarding Bridges & Automated Parking Systems

Passenger Boarding Bridges

We are one of the world's largest suppliers of Passenger Boarding Bridges ("PBB"). Since our establishment in 1992, our subsidiary Shenzhen CIMC-TianDa Airport Support Co., Ltd. ("CIMC-TianDa"), has delivered over 4,000 PBBs to airports around the world.

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

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

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





Automated Parking Systems

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

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

CORE BUSINESS

2 Logistics Systems





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

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

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

3 Ground Support Equipment







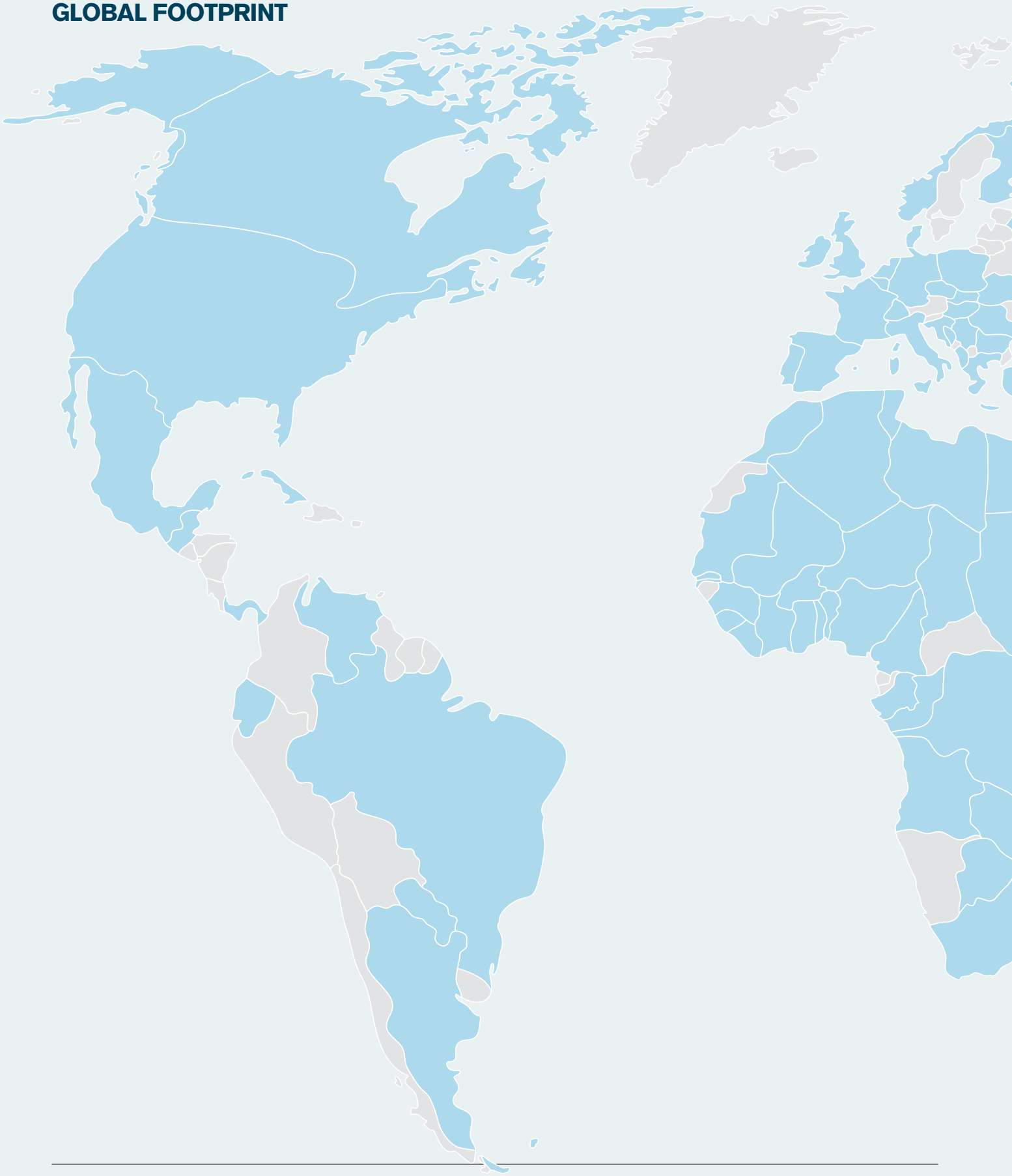
Managed by a diverse team of professionals from the aviation and engineering fields, we design and produce a wide variety of innovative and superior quality aircraft Ground Support Equipment ("GSE"). We were commissioned to design and build the first Upper Deck Catering Hi-Lift for the first Airbus A380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

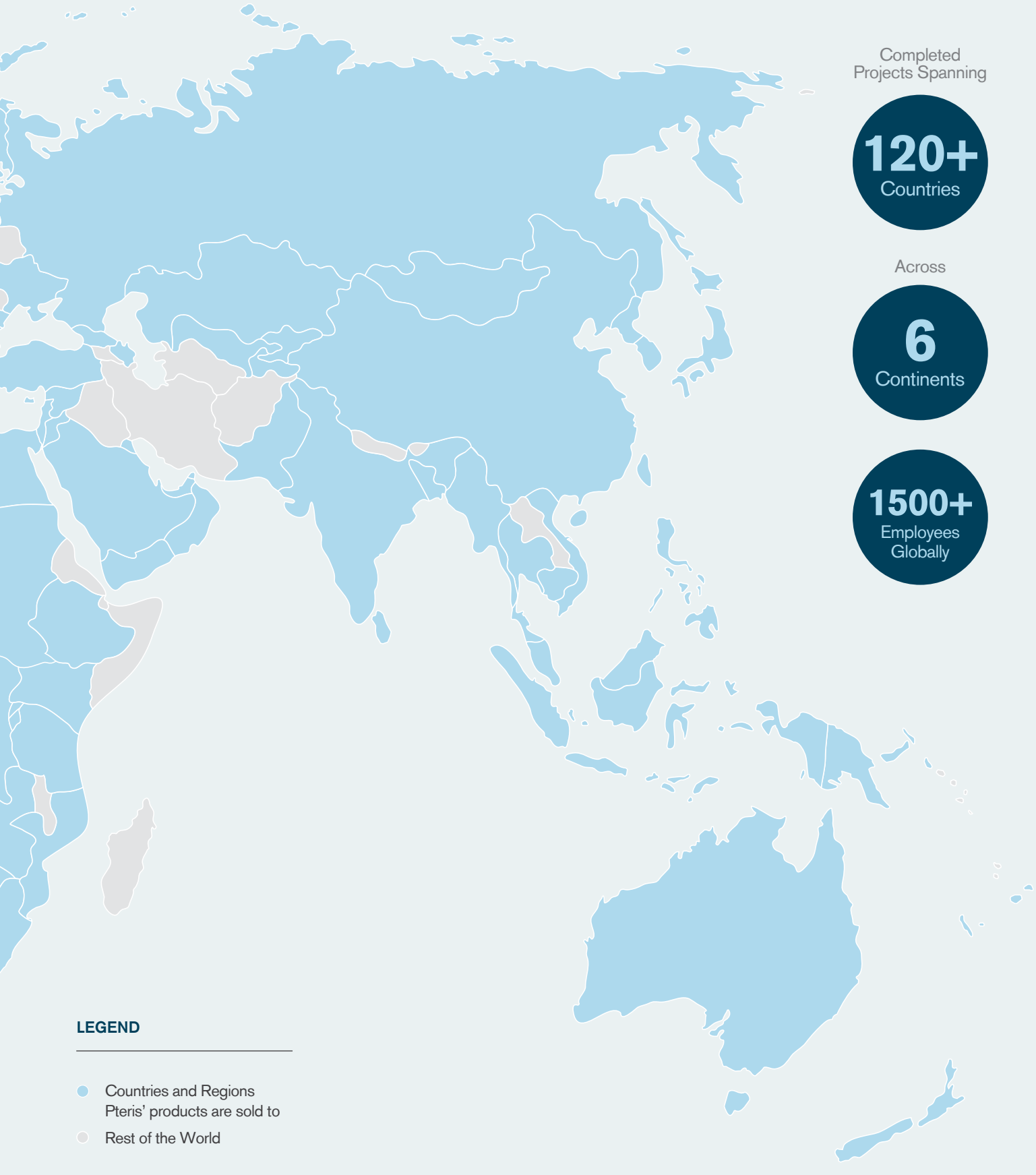
Some of our GSE include the Cargo Loader and Transporters, Airport Apron Bus, Aircraft Deicer, Container/Pallet Loader and Aircraft Catering Truck.

With customer references in more than 100 countries, we are a major worldwide manufacturer and exporter of Cargo Loaders and Transporters. All our equipment is designed and assembled in our manufacturing plant in France, providing performance-based customer service, easy to maintain and excellent quality equipment.

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

GLOBAL FOOTPRINT





Completed Projects Spanning

120+ Countries

Across

6 Continents

1500+ Employees Globally

LEGEND

- Countries and Regions Pteris' products are sold to
- Rest of the World

CHAIRMAN'S MESSAGE

Dear Shareholders,

2015 has been a very positive year for Pteris Global Limited (the "Group") and I am pleased to announce that we have delivered a credible set of financial results for the financial year ended 31 December 2015 ("FY2015").

In FY2015, the Group's revenue increased by S$100.8 million to S$341.3 million from S$240.6 million in FY2014. The increase was mainly attributed to higher revenue contribution across all business segments namely the Passenger Boarding Bridges, Logistics Systems Business and Ground Support Equipment in both China and internationally. The Group's net profit after tax was S$18.3 million for FY2015, an increase of S$5 million from S$13.3 million for FY2014.

"The Group will continue to focus on augmenting its leadership position in the supply of airport passenger boarding bridges while actively seeking opportunities to further grow its logistics systems and ground support equipment businesses globally."

Global Civil Aviation Industry Outlook

The outlook for the global civil aviation industry remains positive, backed by the continued surge in global air passenger traffic in the first two months of 2015[1] and a projected compounded annual growth rate of 6.4% for the global airline industry between 2013 and 2017. The growth is propelling demand for new aviation infrastructure, with an estimated US$543.0 billion in airport construction projects globally[2]. The continued growth of China's civil aviation industry, which is expected to maintain an annual average passenger traffic growth rate of 11.4% until 2020[3], will also support demand for new aviation infrastructure in the domestic market.

The Group's operating environment remains positive supported by continuing investments into the global civil aviation industry. Demand for aviation infrastructure and related solutions remain robust, particularly in China, where strong government support and rising passenger traffic have continued to spur fixed asset investments[4]. Moving forward, the Group will continue to focus on augmenting its leadership position in the supply of airport passenger boarding bridges while actively seeking opportunities to further grow its logistics systems and ground support equipment businesses globally.

To support the growing potential demand for the Group's products and services, the Group had recently established a new production base in Langfang City (Hebei Province) China, which was designated to support the Group's ground support equipment business. This follows the earlier launch of a new corporate headquarter cum production facility in Shenzhen for its airport passenger boarding bridge business in late 2014. The Group is also setting up a third plant in Kunshan City (Jiangsu Province) which will house its logistics systems equipment business, when completed in 2016.

Apart from building new plants, the Group had in November 2015 acquired the entire issued and paid up share capital of CIMC Air Marrel SAS, a French manufacturer and exporter of ground support equipment. This acquisition is in line with the Group's strategy to expand its ground support equipment business.

1 http://www.icao.int/sustainability/Documents/MonthlyMonitor-2015/MonthlyMonitor_April2015.pdf
2 http://centreforaviation.com/analysis/the-worlds-biggest-airport-construction-projects-2015-totalvalue-over-usd500-billion-part-1-205200
3 http://www.routesonline.com/news/29/breaking-news/247582/an-ambitious-programme-ofdevelopment-in-china/
4 "China investment in fixed assets reached USD24.5bn in 2014", Centre for Aviation, July 13, 2015 http://centreforaviation.com/news/china-investment-in-fixed-assets-reached-usd245b-in-2014-464204

Corporate Integrity and Credibility Award

CIMC-TianDa was also nominated and won a corporate integrity and credibility award as one of Shenzhen's top 150 enterprises at the Shenzhen Corporate Integrity Ranking Awards; organized jointly by the Financial Industry Development and Service Office of the Shenzhen Municipal People's Government, Shenzhen Credit Association and People's Bank of China. Award winners were selected from a pool of more than 1,500 submissions.

The award recognizes companies for its excellent bank, financial and tax credit ratings, credibility, sound labour and safety policies as well as its environmental conservation efforts.

This affirmation is a clear indication of confidence and endorsement by our business partners, banks and the various regulators which will put the Group in good stead as we continue to strive towards greater growth and business excellence.

Board Renewal

On behalf of the Group, we would like to express our appreciation to our Independent Directors Ms. Gan Siok Loon, Mr. Fong Heng Boo and Mr. Robert Chew who retired and decided not to seek re-election at our 2015 Annual General Meeting. We thank them for their distinguished service and contributions to the Group.

We would also like to express our gratitude and appreciation to Mr. Low Kok Hua, who has served more than 35 years on the Board since its former days as Inter-Roller Engineering Limited, for years of distinguished service and guidance. Although Mr. Low has decided to step down and not seek re-election to the Board, he has accepted the Board's invitation to be appointed as a Senior Adviser to the Group.

The Board welcomes Ms. Zeng Beihua and Mr. Lee Dah Khang who joined the Board in April 2015 as Non-Executive Director and Independent Director respectively.

Ms. Zeng comes with more than 20 years experience in the debt and equity capital markets as well as treasury operations. Mr. Lee is a Director of Yang Lee Consulting Pte Ltd, a management consulting firm which provides professional services on corporate risk advisory, internal audit, financial due diligence, accounting solutions and pre-IPO advisory.

Special Thanks

I would like to express my gratitude and appreciation to fellow Board members, management team and staff for the hard work, commitment, dedication and drive towards excellence.

On behalf of the Board of Directors, I would like to thank our shareholders, customers, business partners and associates for your continued confidence, trust and support.

Dr. Li Yinhui
Non-Executive Chairman

23 March 2016

CEO'S MESSAGE

Dear Shareholders,

It has been a very good year for Pteris Global Limited (the "Group") with business activities across all business segments contributing to a healthy financial performance. Our credible financial performance was supported by strong order momentum from Chinese and international customers. Throughout the financial year under review, we have focused on harnessing the synergies of our enlarged operations following the reverse takeover of the Company and I am encouraged by the progressive results made. The Group continues to surge with strong growth while the losses at Pteris' existing operations have been stabilised.

To meet the growing demand for our products and solutions and to enhance operational efficiencies, we have been investing in new production facilities which will further strengthen our network and capabilities to better service new and existing clients.

FY2015 Financial Review

In FY2015, the Group's revenue increased by S$100.8 million to S$341.3 million from S$240.6 million in FY2014. The increase was mainly attributed to higher revenue contribution across all business segments namely the Passenger Boarding Bridges, Logistics Systems Business and Ground Support Equipment in both China and internationally.

Other income increased by S$8.9 million to S$12.3 million from S$3.4 million in FY2014. The increase was mainly due to higher rental income and government grants received for FY2015.

Material costs increased by S$63.6 million from S$138.2 million for FY2014 to S$201.8 million for FY2015. Subcontract costs increased by S$29.8 million from S$13.6 million for FY2014 to S$43.3 million for FY2015. The movements in both the material and subcontract costs were in line with the number of completed projects across all business segments.

For FY2015, staff costs increased by S$11.5 million to S$48.6 million from S$37.1 million for FY2014. Despite the higher level of the Group's business activities for the financial year under review, staff costs as a percentage of revenue decreased by 1.2% percentage points from 15.4% for FY2014 to 14.2% for FY2015. This was mainly attributed to the Group's continuous effort to improve efficiency through streamlining its operations.

The Group's cash and cash equivalents as at 31 December 2015 were S$33.6 million compared to S$51.2 million as at 31 December 2014. After accounting for the borrowings of S$21.3 million, the Group had a net cash of S$12.4 million as at 31 December 2015 compared to a net debt of S$40.8 million or a net gearing ratio of 23.5% as at 31 December 2014. The Group had a gross gearing ratio of 8.7% as at 31 December 2015 compared to 53.1% as at 31 December 2014.

The Group's net profit after tax was S$18.3 million for FY2015, an increase of S$5 million from S$13.3 million in FY2014.

Contract Wins

In 2015, the Group announced multiple contract wins from customers such as Eastern Air Logistic Co. Ltd. (东方航空物流有限公司), Yinchuan Hedong International Airport (银川河东国际机场), Wuhan Tianhe International Airport (武汉天河国际机场) and Guangzhou Baiyun International Airport (广州白云国际机场) amounting to an aggregate value of RMB378 million.

Pteris Global (Suzhou) Limited entered into a strategic framework agreement with SF Express (顺丰速运 (集团) 有限公司) for the supply of sort systems. Pteris Global (Suzhou) Limited has, since February 2015, been awarded 6 contracts by SF Express for sort systems in their facilities located in Shanghai, Hangzhou, Tangshan and other eastern regions of China.

Over in North America, Pteris Global (USA) Inc. was awarded contracts in excess of USD17 million from Phoenix Sky Harbor International Airport.

These contract wins are testament to our leading position as the global industry solutions provider with top-tier engineering capabilities and an impeccable track record for delivering high quality and timely solutions to our customers.

Industry And Business Outlook

According to the National Development and Reform Commission ("NDRC"), infrastructure investment in the civil aviation sector rose 28% in the first half of 2015[1]. The Civil Aviation Administration of China ("CAAC") has also announced plans to invest RMB500 billion on civil aviation development in 2015[2]. These major investments in aviation projects in the PRC are to meet increasing demand from rising business travel and outbound tourism[3], boosting economic growth and strengthening Asian trade infrastructure[4].

Globally, the aviation industry is also expected to maintain a steady growth trajectory[5]. A September 2015 study by the Centre for Aviation ("CAPA") notes that global airport construction activity is on the rise led by investments in Europe and Asia Pacific[6]. With increased competition, more airports are differentiating themselves by improving services such as passenger boarding

bridges and baggage handling systems[7]. This bodes well for industry players such as Pteris Global Limited who provide integrated airport support equipment and logistics solutions.

In the United States, remedial and expansion work at existing airports is also expected to generate opportunities for industry players[8]. The baggage handling system market in the United States is valued at USD6.45 billion in 2015 and is projected to reach USD9.36 billion by 2020 and is estimated to grow at a compounded annual growth rate of 7.72% over the next five years[9].

The high growth rate in new car registration worldwide with major boom in regional economies in the Asia Pacific region presents strong potential for the demand for car park automation systems. Furthermore, the ongoing and upcoming smart city projects worldwide will also create new demands for intelligent parking management systems. The global parking management industry is expected to grow in tandem with the growth in vehicle ownership and parking facilities development at a Compound Annual Growth Rate (CAGR) of 12.1% from 2013 to 2018[10].

The Group believes that the positive industry dynamics and the continued development of new airport infrastructure, both in China and the rest of the world, will generate demand for the Group's suite of products and services such as airport passenger boarding bridges, airport facilities equipment and automated parking systems.

Looking Ahead

The continuous growth and development of our core business segments worldwide remains the key priority and focus for the Group. Backed by the Group's established position as the world's largest and leading supplier of airport passenger boarding bridges, we are well positioned to capture new business opportunities as we embark on the next phase of our growth. We will continue to surge ahead and strengthen our market position as a leading manufacturer and supplier of airport facility equipment and ground support equipment as well as expand our material handling and automated parking systems businesses.

At the same time, we will also seek to further improve the Group's operating efficiencies while keeping a sharp focus on cost controls and enhancing operational synergies, thereby ensuring that our growth strategies translate into greater value for the Group and its shareholders.

Appreciation And Thanks

I would like to convey my thanks and appreciation to the Board of Directors for their unwavering support and guidance. To our valued shareholders, customers, business associates and partners, thank you for your confidence and continuous support. Finally, to our management and staff, thank you for your dedication, commitment and hard work and we look forward to another successful year ahead.

Zheng Zuhua
Group Chief Executive Officer

23 March 2016

1 "China's transport infrastructure investment up 10.8 pct on year in H1", Xinhua, Aug 3, 2015
2 "China's aviation sector to get 500 b yuan boost", South China Morning Post, Jun 25, 2015
3 "China's aviation boom drives airport building frenzy", Reuters, Jun 26, 2015
4 "China to invest big in aviation", Xinhua, Jun 24, 2015
5 "CAO core jet fuel biz still strong despite slowdown",Business Times, Sep 23, 2015
6 "2015 Global Infrastructure Report - Smoothing Out the Rough Spots", Site Selection, Sep 2015
http://siteselection.com/issues/2015/sep/cover.cfm
7 "Good times for the airport industry, thanks to Chinese travellers", In The Black, Nov 1, 2015
http://intheblack.com/articles/2015/11/01/good-times-for-the-airport-industry-thanks-to-chinese-travellers
8 "The US airport system is lagging badly, but there is still little appetite for private investment", CAPA. Apr 15, 2015
http://centreforaviation.com/analysis/the-us-airport-system-is-lagging-badly-but-there-is-still-little-appetite-for-private-investment-219308
9 "Commercial Baggage Handling System Market by Airport Class (A, B, C), Identification Technology (Barcode, RFID), Service (Self-Service, AssistedService), Type (Conveyors, Destination-Coded Vehicles), Efficiency, Geography - Global Forecast to 2020", Markets and Markets, Sep 2015
http://www.marketsandmarkets.com/Market-Reports/baggage-handling-systems-market-955.html
10 http://www.academia.edu/4576117/Parking_Management_Market_worth_7.43_Billion_by_2018

BOARD OF DIRECTORS



Dr. Li Yinhui

Non-Executive Chairman

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

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

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



Dr. Soon Kong Ann

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

Dr. Soon Kong Ann joined the Board as an Independent Director in 2008 and was last re-elected to the Board as a Non-Executive Director on 25 April 2014. He is a member of the Audit & Risk Committee since January 2009 and was appointed as the Chairman of the Nomination & Remuneration Committee in April 2015.

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

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



Mr. Yu Yuqun

Non-Executive Director
Audit & Risk Committee member

Mr. Yu Yuqun joined the Board as a Non-Executive Director in September 2012 and was last re-elected to the Board on 28 April 2015.

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

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

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

Mr. Yu obtained his Bachelor of Economics and Master of Economics from the Peking University in 1987 and 1992 respectively. Mr. Yu is a Member of the 3rd Committee of Appeal and Review of Shenzhen Stock Exchange and also a Member of the 1st Committee of Merger and Financing of China Association for Public Companies.



Mr. Zheng Zuhua

Executive Director
Nomination & Remuneration Committee member
Group Chief Executive Officer

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

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

Subsequently in 1992, Mr. Zheng joined Shenzhen CIMC-TianDa Airport Support Co., Ltd. ("CIMC-TianDa") as a Manager, rising to the position of General Manager in 2000 and then Executive Director of CIMC-TianDa in 2005, a position he held until 2013. He was instrumental in CIMC-TianDa's rise to one of the world's top airport support companies.

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

BOARD OF DIRECTORS



Ms. Zeng Beihua

Non-Executive Director

Ms. Zeng Beihua joined the Board as a Non-Executive Director on 2 April 2015 and was last re-elected to the Board on 28 April 2015.

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

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

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



Mr. Lee Dah Khang

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

Mr. Lee joined the Board as an Independent Director in April 2015 and serves as the Chairman of the Audit & Risk Committee and a member of the Nomination & Remuneration Committee.

Mr. Lee is also a Director of Yang Lee Consulting Pte Ltd, a management consulting firm which provides professional services on corporate risk advisory, internal audits, financial due diligence, accounting solutions and pre-IPO advisory. He was instrumental in the setup of Yang Lee Consulting Pte Ltd which serves a portfolio of companies listed on SGX-ST, multi-national companies, small and medium enterprises.

Mr. Lee has approximately 20 years of experience in providing external, internal audit and consultancy services. He holds a Bachelor of Accountancy degree from Nanyang Technological University and is a practising member of the Institute of Singapore Chartered Accountants. He is also a Certified Internal Auditor with the Institute of Internal Auditors and a Practising Management Consultant with the Practising Management Consultant Certification Board.

SENIOR MANAGEMENT



Mr. Zheng Zuhua

Executive Director
Nomination & Remuneration Committee member
Group Chief Executive Officer

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

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

Subsequently in 1992, Mr. Zheng joined Shenzhen CIMC-TianDa Airport Support Co., Ltd. ("CIMC-TianDa") as a Manager, rising to the position of General Manager in 2000 and then Executive Director of CIMC-TianDa in 2005, a position he held until 2013. He was instrumental in CIMC-TianDa's rise to one of the world's top airport support companies.

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



Mr. Vince Toh Yang Kang

Group Chief Financial Officer

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

Mr. Toh has more than 20 years of experience in finance and accounting, taxation, treasury and corporate finance gained from various industries. He started his career as an auditor and has worked in various multinational corporations and public listed companies in Singapore. Prior to joining the Company, Mr. Toh was Financial Controller of a SGX Mainboard-listed company.

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

SENIOR MANAGEMENT



Mr. Chang Shaomin

Deputy General Manager of Pteris Global Limited
General Manager of CIMC-TianDa

Mr. Chang Shaomin is the Deputy General Manager of the Company and the General Manager of CIMC-TianDa, where he is responsible for its general management and performance indicators. From 1985 to 1995, he was an engineer in various companies, including Hongqi Ship Parts Factory in the Ministry of Transport and Baolong Automatic Machinery (Shenzhen) Limited. From 1995 to present, he has accumulated over 20 years of managerial experience working in several companies including CIMC-TianDa and CIMC-Shac (Xi'An) Special Vehicles Co., Ltd.

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



Mr. Zhu Wenyuan

Deputy General Manager of Pteris Global Limited
General Manager (Special Projects) of CIMC-TianDa

Mr. Zhu Wenyuan is the Deputy General Manager of the Company and General Manager (Special Projects) of CIMC-TianDa. Mr. Zhu is mainly responsible for the management of the Group's tax and financing matters in China. He has over 30 years of finance experience since starting his career in 1984. From 1984 to 1988, he was the Finance Director of one engineering department in the Ministry of Railways. Since 1988, Mr. Zhu served as the Deputy Finance Director in one listed company in Shenzhen. After joining CIMC-TianDa in 1994, he took on various roles such as Head of Finance, Deputy Manager (Finance) and Manager (Finance) in CIMC-TianDa.

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



Mr. Yan Fucheng

Executive Vice President of Pteris Global Limited
General Manager of the Intralogistics Division of Pteris Global Limited
Managing Director of Pteris Global Singapore
General Manager of CIMC-TianDa Logistics

Mr. Yan Fucheng is the Executive Vice President of the Company. He is also the General Manager of the Intralogistics Division of Pteris Global Limited and General Manager of CIMC-TianDa Logistics. He has accumulated over 11 years of experience in managerial roles since starting out his career in 2003, through working in various companies such as CIMC Vehicles Group Co., Ltd and CIMC-TianDa.

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

SENIOR ADVISERS



Mr. Low Kok Hua PBM

Senior Adviser

Mr. Low Kok Hua was appointed as a Senior Adviser of the Company on 28 April 2015 , subsequent to his retirement as a Non-Executive Director of the Company.

Mr. Low was one of the founding shareholders of the Company and chaired the Board of the then Inter-Roller Engineering Ltd. until 1991. Mr Low Kok Hua possesses in-depth knowledge and experience of the business and has gained industry and technical expertise, having been appointed as a director of the Company since 11 March 1979.

A well respected entrepreneur in Singapore's business circle, Mr. Low has more than 40 years of experience in the engineering and hardware industry and is currently the Managing Director of Chuan Seng Heng Hardware Co. Pte Ltd. He is also the Permanent Honorary President of the Singapore Metal and Machinery Association.



Mr. Luan Youjun

Senior Adviser

Mr. Luan Youjun was appointed as a Senior Adviser of the Company on 18 August 2015, subsequent to his cessation as Deputy General Manager of the Company.

Mr. Luan was the Deputy General Manager of CIMC-TianDa and the General Manager of Marketing and Sales of CIMC-TianDa, where he managed its marketing, sales and after-sales service. He started his career in CIMC-TianDa in 1993 and has accumulated more than 20 years of experience in the industry. At present, Mr. Luan is the Chairman and Chief Executive Officer of Albert Ziegler GmbH and the Executive Director of China Fire Safety Enterprise Group Ltd. He also serves as the Non-Executive Chairman of Xinfa Airport Equipment Ltd. and Non-Executive Vice Chairman of CIMC-TianDa.

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

KEY CORPORATE EVENTS

January
Further extension of final repayment date of short-term revolving credit facility

March
Disposal of 30% interest in Shenzhen CIMC-TianDa Airport Support Co., Ltd.

April
- Appointment of Ms Zeng Beihua as Non-Executive Director of the Company
- Settlement of arbitration proceedings against Crisplant A/S
- Appointment of Mr Lee Dah Khang as Independent Director of the Company
- Cessation of Ms Gan Siok Loon, Mr Fong Heng Boo and Mr Robert Chew as Independent Directors of the Company
- Cessation of Mr Low Kok Hua as Non-Executive Director of the Company and his appointment as Senior Adviser of the Company

May
Award of contract by Eastern Air Logistic and the supply of systems to SF Express

July
- Completion of the disposal of 30% interest in Shenzhen CIMC-TianDa Airport Support Co., Ltd.
- Repayment of Credit Facility
- Secured a bank loan from United Overseas Bank

August
- Cessation of Mr Luan Youjun as Deputy General Manager
- Awarded Top Corporate Integrity And Credibility Award In China

October
Secured three contracts worth S$64.2 million

November
- Secured a bank loan from the Australia and New Zealand Banking Group
- Acquisition of CIMC Air Marrel SAS

REPORT ON CORPORATE GOVERNANCE

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

This report details the Company's corporate governance practices with references to the principles as set out in the Code of Corporate Governance 2012 (the "**Code**"). The Board of Directors (the "**Board**" or "**Directors**") of the Company confirms that, for the financial year ended 31 December 2015 ("**FY2015**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

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

Name of Directors	Date of First Appointment	Role	Audit and Risk Committee	Nomination and Remuneration Committee
Li Yinhui	19 Aug 2014	Non-Executive Chairman	–	–
Soon Kong Ann	20 Jul 2008	Independent Director	Member	Chairman
Lee Dah Khang	28 Apr 2015	Independent Director	Chairman	Member
Yu Yuqun	24 Sep 2012	Non-Executive Director	Member	–
Zheng Zuhua	12 Nov 2013	Executive Director and Chief Executive Officer	–	Member
Zeng Beihua	2 April 2015	Non-Executive Director	–	–

In compliance with guideline 12.1 of the Code, the Audit & Risk Committee ("**ARC**") comprises three directors, two of whom, inclusive of the chairman of the committee, are independent directors. All of the members of the committee are non-executive directors.

The Nomination & Remuneration Committee ("**NRC**") comprises three directors, two of whom, inclusive of the chairman of the committee, are independent directors. The present NRC composition is in compliance with guideline 4.1 of the Code which recommends that a Nomination Committee should comprise at least three directors, the majority of whom, including the NRC Chairman, should be independent. Guideline 7.1 of the Code recommends, *inter alia*, that "all of the members of the Remuneration Committee should be non-executive directors". While the composition of the NRC which includes Mr Zheng Zuhua, who is an Executive Director of the Company, deviates from the recommendation set out in the Code, the Board had discussed and determined, after taking into consideration the fact that Mr Zheng Zuhua is intimately familiar with the roles and contributions of each employee, it would be appropriate for Mr Zheng Zuhua to be a member for the NRC. As Mr Zheng Zuhua will abstain from voting on matters relating to his remuneration, the risk of any potential conflict of interest is minimal.

(A) BOARD MATTERS

Board's Conduct of Its Affairs

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

The key roles of the Board are as follows:

- guide the corporate strategy and direction of the Group;

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

- tenders, capital expenditure and treasury transactions exceeding the prescribed limits;
- major investments and divestments in subsidiaries, associate companies and non-quoted companies;
- major or material divestments and disposal of assets;
- material interested person transactions;
- approval of financial results announcements, annual reports and audited financial statements;
- long term financing including but not limited to borrowings from financial institutions and issuance of bonds; and
- share issuances, dividends and other returns to shareholders.

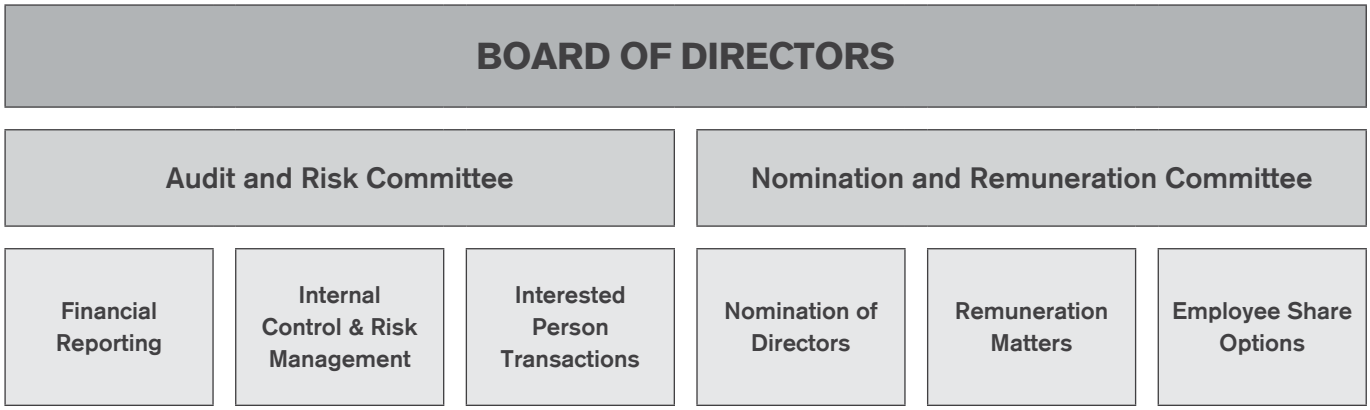
The Board will consider adopting a formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision.

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

As and when amendments are made to the Securities and Futures Act, Catalist Rules, Companies Act or other relevant legislation or regulations, the Board will be briefed on such amendments. During the financial year reported on, all Directors were updated on the Group's corporate and business strategies, significant product developments, accounting, and regulatory changes. The NRC will identify courses which may be relevant for each Director, based on his/her membership in the various Board committees and encourages Directors to attend such courses. The Company assists in arranging and funding Directors' participation in such courses.

REPORT ON CORPORATE GOVERNANCE

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



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

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

In FY2015, the Board met four times. The ARC and NRC met four times and two times respectively. The attendance of every member at Board meetings and Board Committee meetings held during each member's period of appointment is set out as follows:

Name of Director	Board Meeting Attendance		ARC Meeting Attendance		NRC Meeting Attendance	
	(M)	(A)	(M)	(A)	(M)	(A)
Li Yinhui	4	4	–	–	–	–
Soon Kong Ann	4	4	3	3	1	1
Lee Dah Khang (appointed on 28 April 2015)	3	3	3	3	1	1
Yu Yuqun	4	2	3	2	–	–
Zheng Zuhua	4	4	–	–	1	1
Zeng Beihua (appointed on 2 April 2015)	3	2	–	–	–	–
Gan Siok Loon (stepped down on 28 April 2015)	1	1	1	1	1	1
Fong Heng Boo (stepped down on 28 April 2015)	1	1	1	1	1	1
Robert Chew (stepped down on 28 April 2015)	1	1	1	1	1	1
Low Kok Hua (stepped down on 28 April 2015)	1	1	1	1	1	1

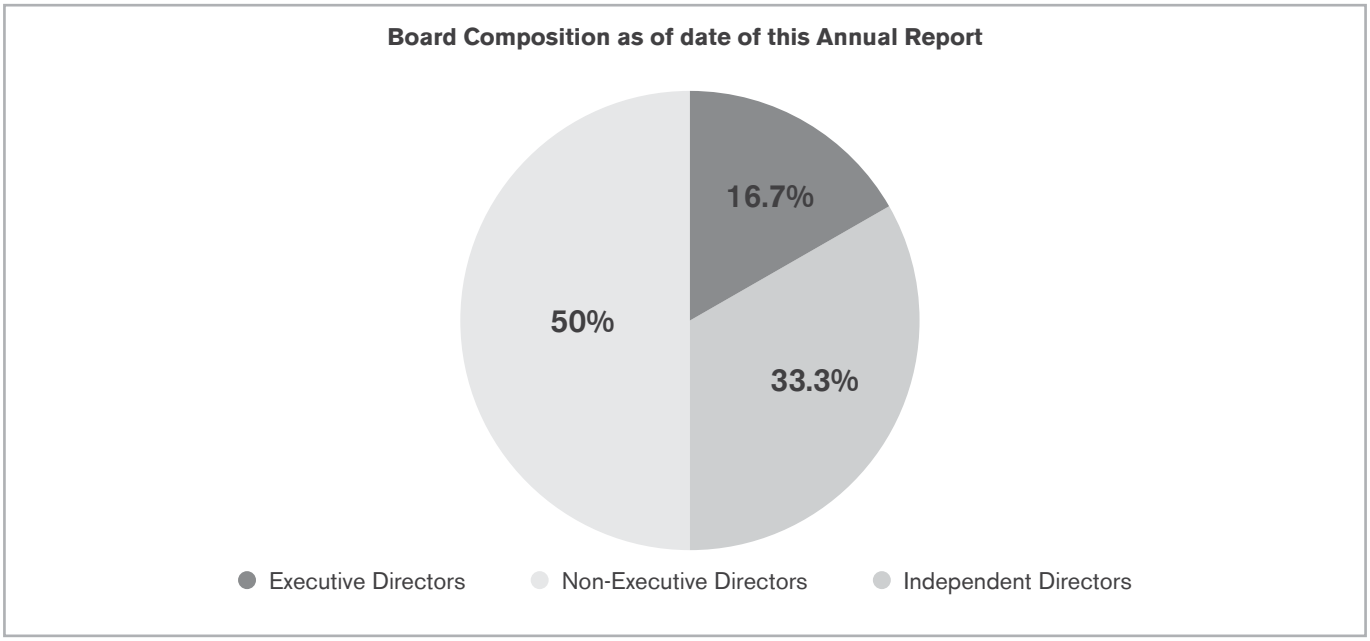
Column (M) denotes the number of meetings held during the term of the director's appointment on the Board or Board Committee
Column (A) denotes the number of meetings attended

REPORT ON CORPORATE GOVERNANCE

Board Composition and Guidance

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

The Board comprised a mix of independent Directors, non-executive Directors and executive Directors. As at the date of this report, the Board comprises six members, two of whom are Independent Directors, three are Non-Executive Directors and one is an Executive Director. At all times during the financial year reported on, at least one third of the Board members were independent Directors, meeting the present requirement that at least one third of directors should be independent directors. Guideline 2.2 of the Code recommends that independent directors make up at least half of the Board. Under the present board composition, guideline 2.2 of the Code is not met, however a transition period of up to the annual general meeting following the end of financial year commencing on or after 1 May 2016 has been provided for such recommendation. The Board will look into meeting such recommendation before the annual general meeting to be held in respect of the financial year ending 31 December 2017.



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

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

For FY2015, the NRC has reviewed and determined that Dr Soon Kong Ann and Mr Lee Dah Khang are independent based on the definition as stated in the Code. None of the Independent Directors have served on the Board beyond nine years from the date of his first appointment.

REPORT ON CORPORATE GOVERNANCE

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

Chairman and Chief Executive Officer

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

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

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

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

Chairman	CEO
Lead the Board	**Formulate and execute the approved strategic plans**
Develop and instil Core Corporate Values	**Develop an achievable and a sustainable business model**
Guide and mentor the Management	**Day to day running of the Group's business**

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

The Code recommends that the Company appoints an independent non-executive director as the lead independent director where the Chairman is not an independent director. However, the Board was of the view that it was not necessary for the Board to have a lead independent director given that the majority of the Board comprised non-executive directors and all the non-executive directors are adequately experienced and are able to offer themselves in addressing any concerns shareholders may have. Furthermore, there are currently sufficient checks and balance of power and authority on the Board, and it is therefore not immediately essential to appoint a lead independent director. There is regular and active interaction and discussions during formal and informal Board and Board Committee meetings, providing opportunities for directors to work well together as a group. The independent director(s) are available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer (or equivalent) has failed to resolve or is inappropriate.

REPORT ON CORPORATE GOVERNANCE

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

Board Membership

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

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

Soon Kong Ann (Chairman)
Lee Dah Khang
Zheng Zuhua

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

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

The Board renewal process remains an important responsibility of the Board. As such, the Board is constantly on the lookout for committed and talented individuals to contribute to the Company. In FY2015, the NRC recommended two new directors, which were subsequently approved by the Board. Mr Lee Dah Khang and Ms Zeng Beihua joined the Board in April 2015. Further information on Mr Lee Dah Khang and Ms Zeng Beihua are set out in the "Board of Directors" section of this Annual Report.

All Directors are required to declare their board representations. The NRC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and have other principal commitments. However, the Board, with the concurrence of the NRC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director and the NRC will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company. The NRC monitors and determines annually whether Directors who have multiple board representations and other principal commitments had given sufficient time and attention to the affairs of the Company and had adequately carried out his or her duties as a director of the Company. The NRC takes into account the results of the assessment of the effectiveness of the individual Director and his or her actual conduct on the Board, in making this determination. The NRC is satisfied that in FY2015, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out, and had been adequately carrying out, his/her duties as a Director of the Company.

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

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

REPORT ON CORPORATE GOVERNANCE

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

Name of Directors	AGM 2013	AGM 2014	AGM 2015	AGM 2016
	24 April 2013	25 April 2014	28 April 2015	25 April 2016
Li Yinhui	–	–	–	–
Soon Kong Ann	–	√	–	√
Lee Dah Khang	–	–	–	√
Yu Yuqun	√	–	√	–
Zheng Zuhua	–	√	–	√
Zeng Beihua	–	–	√	–

At the forthcoming AGM to be held in April 2016, Dr Soon Kong Ann, Mr Lee Dah Khang and Mr Zheng Zuhua will be due for retirement. The NRC has recommended to the Board that the aforementioned Directors be nominated for re-election at the forthcoming AGM. In making the recommendation, the NRC has considered the aforementioned Directors' contributions and performance.

The Directors' present and past directorship(s) in other listed companies and their principal commitments (if any) are set out below:

Name of Directors	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Other principal commitments
Li Yinhui	• China Fire Safety Enterprise Group Limited (listed in Hong Kong Stock Exchange)	N.A.	• Vice President of China International Marine Containers (Group) Ltd
Soon Kong Ann	N.A.	N.A.	• Director of Leong Huat Hardware Group of Companies • Vice Chairman of Board of Directors and Board of Governors in Hwa Chong Institution • Vice Chairman of Mee Toh School Management Committee and Mee Toh School Ltd • Chairman of the Building Committee of Kong Meng San Phor Kark See Monastery
Lee Dah Khang	N.A.	• Shinvest Holding Ltd (formerly known as Eastgate Technology Ltd)	• Director of Yang Lee Consulting Pte Ltd • Director of Orion Management Consulting Pte Ltd • Director of Orion Information Systems Pte Ltd • Director of Orion BPO Pte Ltd • Sole proprietorship in DK & Co
Yu Yuqun	• CIMC Enric Holdings Limited (listed in Hong Kong Stock Exchange) • TSC Group Holdings Limited (listed in Hong Kong Stock Exchange)	N.A.	• Secretary of the Board for China International Marine Containers (Group) Ltd

REPORT ON CORPORATE GOVERNANCE

Name of Directors	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Other principal commitments
Zheng Zuhua	• China Fire Safety Enterprise Group Limited (listed in Hong Kong Stock Exchange)	N.A.	N.A.
Zeng Beihua	N.A.	N.A.	• Director of CIMC Finance Company Ltd • Director of CIMC Capital Ltd

Board Performance

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

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

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

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

Access to Information

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

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

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

REPORT ON CORPORATE GOVERNANCE

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

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

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

If necessary, the NRC may seek expert advice inside and/or outside the Company on the remuneration of the Directors and key management personnel. The NRC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2015.

Level and Mix of Remuneration

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

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

The Independent Directors and Non-Executive Directors do not have service contracts and receive Director's fees for their board services and appointment to the Board Committees, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, motivate and retain the Directors. Such Directors' fees are recommended by the Board for approval by shareholders at the Company's AGM. The NRC also takes into account the Group's performance and market practices of Singapore listed companies in recommending the Directors' fees.

REPORT ON CORPORATE GOVERNANCE

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

Disclosure of Remuneration

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

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

The remuneration of the Directors and key executives of the Group in bands are tabulated below.

Remuneration of Directors

The remuneration of each individual Director and key management personnel of the Group is not disclosed, as the Company believes that such disclosure may be prejudicial to the Group's business interests given the highly competitive environment it is operating in. The NRC has reviewed this practice within the context of the industry it operates in and in this regard, is of the view that the disadvantages of such disclosure outweigh the advantages. The remuneration mix of the Directors for FY2015 is set out below:

Name of Directors and their respective remuneration bands	Designation	Fees	Salaries	Bonus	Other benefits in kind
S$250,000 to S$499,999					
Zheng Zuhua	Executive Director / Chief Executive Officer	–	60%	37%	3%
Below S$100,000					
Li Yinhui	Non-Executive Chairman	–	–	–	–
Low Kok Hua[1]	Non-Executive Director	100%	–	–	–
Soon Kong Ann	Non-Executive Director	100%	–	–	–
Lee Dah Khang[2]	Independent Director	100%	–	–	–
Gan Siok Loon[3]	Independent Director	100%	–	–	–
Fong Heng Boo[4]	Independent Director	100%	–	–	–
Robert Chew[5]	Independent Director	100%	–	–	–
Yu Yuqun	Non-Executive Director	–	–	–	–
Zeng Beihua[6]	Non-Executive Director	–	–	–	–

Notes:

(1) Stepped down from the Board with effect from 28 April 2015.
(2) Appointed with effect from 28 April 2015.
(3) Stepped down from the Board with effect from 28 April 2015.
(4) Stepped down from the Board with effect from 28 April 2015.
(5) Stepped down from the Board with effect from 28 April 2015.
(6) Appointed with effect from 2 April 2015.

The total Directors' fees proposed for FY2015 is S$168,079.

The total Directors' fees paid for the financial year ended 31 December 2014 was S$298,219.

REPORT ON CORPORATE GOVERNANCE

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

To maintain confidentiality of staff remuneration matters, the NRC and the Board are of the opinion that disclosure on remuneration of key executives (who are not Directors of the Company) should be made in bands of S$250,000. The total annual remuneration received by the five key executives in the Group (who are not Directors) for FY2015 is S$1,337,605. One of the key executives, Mr Luan Youjun, resigned from his position as the Deputy General Manager of the Company on 18 August 2015. The remuneration of the key executives takes into consideration their performance and value-add to the Group, giving due regard to the financial and commercial health and business needs of the Group. The Group offers competitive remuneration to recruit, motivate and retain employees.

The table below shows the range of gross remuneration of the Group's key executives who are not directors of the Company for FY2015:

Remuneration Band	Number of Key Executives
S$500,000 and above	–
S$250,000 to S$499,999	3
Below S$250,000	2

Besides a basic salary, the Executive Director and key executives are paid variable performance bonuses, which are dependent on the annual profit of our Group. This remuneration system is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

The NRC also administers the Inter-Roller Share Option Scheme 2001 and determines the grant of share options to the eligible participants. Details of the share options granted to Directors in FY2015 are set out in the Directors' Report. There are no outstanding options as of the date of this annual report. The NRC and the Board will constantly evaluate and assess the implementation of long-term incentive schemes through the Inter-Roller Share Option Scheme 2001. The Inter-Roller Share Option Scheme 2001 is due for expiration on 24 May 2016 and the Company does not intend to extend or renew the scheme.

The aggregate amount of all termination, retirement and post-employment benefits that were granted to Directors, CEO and all key executives of the Group for FY2015 is S$81,491.

For FY2015, no employee of the Company and its subsidiaries was an immediate family member of any Director, CEO or substantial shareholders.

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

REPORT ON CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

Risk Management and Internal Controls

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

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. The Board approves the key management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk-focused culture throughout the Group for effective risk governance.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business.

The ARC assists the Board in its oversight of risk management.

Management's Responsibilities in Risk Management

Management is responsible for designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risk management and internal controls.

The Management reports to the ARC on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas:

- Assessment of the Group's key risks by major business units and risk categories;
- Identification of specific risk owners who are responsible for the risks identified;
- Description of the processes and systems in place to identify and assess risks to the Group;
- Status and changes in plan undertaken to manage key risks; and
- Description of the risk monitoring and escalation processes in place.

REPORT ON CORPORATE GOVERNANCE

Review of the Group's Risk Management and Internal Control Systems

On an annual basis, the Management presents a detailed report to the ARC and the Board on the Group's risk profile, the risk mitigation action plans and the results of various assurance activities carried out on the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such assurance activities include internal and external audits. There were no major internal control weaknesses highlighted by the internal and external auditors for the attention of ARC for FY2015.

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

Based on the internal controls established and maintained by the Group, work performed by the external auditors, internal auditors and the reviews performed by Management, the ARC and the Board, the Board with the concurrence of the ARC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were effective and adequate as of 31 December 2015.

For the financial year under review, the Board has received assurance from the CEO and the Chief Financial Officer that:

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

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

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

Audit and Risk Committee

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

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

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

The ARC has met with the external auditors without the presence of the Management in FY2015. The audit fees for FY2015 were S$220,000 and there were no non-audit fees for FY2015.

Having reviewed, among others, all the non-audit services provided by the external auditors, and been satisfied that the external auditors, PricewaterhouseCoopers LLP, is independent, the ARC has recommended the re-appointment of Messers PricewaterhouseCoopers LLP as external auditors of the Company for the financial year ending 31 December 2016 at the forthcoming AGM.

For FY2015, all of the Singapore incorporated subsidiaries in the Group were audited by the external auditors, PricewaterhouseCoopers LLP and a suitable audit firm was engaged for the Group's significant foreign incorporated subsidiaries. The Board and the ARC have reviewed the appointment of different auditors for its subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. For the subsidiaries which are not significant in terms of net book value and revenue, these may not have been subjected to an audit as it is not required under the respective laws of incorporation of these subsidiaries. For such subsidiaries, the ARC has considered and is satisfied that there are sound internal controls in place.

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

In FY2015, the ARC had carried out the following activities:-

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

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

(c) reviewed interested persons transactions;

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

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

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

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

(h) reviewed the suitability of the Group Chief Financial Officer and the Chief Financial Officer of the Tianda Group (or such other relevant subsidiary), as well as the adequacy of the finance team on an ongoing basis; and

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

REPORT ON CORPORATE GOVERNANCE

Internal Audit

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

The Board outsourced the internal audit function to the internal audit team from the CIMC Group in FY2015. The aforementioned internal audit team is expected to meet or exceed the standards set by nationally or internationally recognised professional bodies.

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

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

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

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

The internal auditors completed one review during FY2015 in accordance with the internal control testing plan approved by the Board. The findings and recommendations of the internal auditors, Management's responses, and Management's implementation of the recommendations have been reviewed and approved by the ARC.

(D) SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Communication with Shareholders

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

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

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

Communication with Shareholders

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

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

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

The Company does not have a fixed dividend policy at present. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. The directors have recommended a final one-tier tax-exempt dividend of 1.00 Singapore cent per ordinary share in cash for FY2015 which will be subjected to the shareholder's approval at the forthcoming Annual General Meeting to be convened.

Conduct of Shareholder Meetings

Principle 16: *Companies should encourage greater shareholder participation at Annual General Meetings (AGMs) and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

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

The Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend the AGM and vote in his place. With the recent changes to the Companies Act (Cap. 50) which came into effect on 3 January 2016, a member of the Company who is a relevant intermediary may appoint more than two proxies to attend and vote at general meetings, but such proxies must be appointed to exercise the rights attached to a specified number of shares. The term "relevant intermediary" is for this purpose defined under the Companies Act and includes the Central Provident Fund Board as well as banks and capital market services licence holders which provide custodial services. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of information and authentication of the identity of shareholders through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

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

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

REPORT ON CORPORATE GOVERNANCE

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

Pursuant to the Catalist Rules, the Company is required to conduct its voting at general meetings by poll effective from 1 August 2015, where shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted. The Company will also make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

SECURITIES TRANSACTIONS

The Company has adopted Rule 1204(19) of the Catalist Rules on Dealing in Securities. This has been incorporated into the Company's Code of Conduct, which applies to Directors, employees and their immediate families. The Company requires all Directors, employees and their immediate families not to trade in the Company's shares during the period beginning one month before and ending on the date of the release of the full year results as well as during the period beginning two weeks before and ending on the date of the release of the quarterly financial results. Directors and key officers are also reminded not to deal in the Company's securities on short term considerations and to observe the relevant insider trading laws at all times even when engaging in the dealing of securities within the non-prohibitory periods. Reminders are sent via email to remind all Directors and employees of their obligations.

MATERIAL CONTRACTS

Save as announced via SGXNET, there were no material contracts (including loans) of the Company or its subsidiaries involving the interest of any Director or controlling shareholders, which are either still subsisting as at the end of FY2015 or if not then subsisting, entered into since the end of the previous financial year.

SPONSOR

Non-sponsor fees amounting to S$4,000 was paid to the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. in FY2015.

INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions entered into with interested persons are properly documented and reported on a timely manner to the ARC at least on a quarterly basis and that the transactions are conducted on an arm's length basis and are not prejudicial to the interest of the Company and its minority shareholders, in accordance with the internal controls set up by the Company on dealing with interested person transactions. In the event that a member of the ARC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

REPORT ON CORPORATE GOVERNANCE

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

Name of Interested Person[1]	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transaction less than $100,000)**
	S$'000	**S$'000**
China International Marine Containers (Group) Ltd ("**CIMC Group**")		
– Interest expense paid and payable for advances from CIMC Group	363	–
– Reimbursement of payments to CIMC Group[2]	–	107
CIMC Finance Company Ltd ("**CIMC Finance**")		
– Cash deposits placed with CIMC Finance[3]	–	341,333
– Interest expense paid and payable for loans from CIMC Finance	–	829
CIMC Capital Ltd[4]	–	8,956
CIMC-Shac (Xi'an) Special Vehicles Co., Ltd[5]	–	7,193
Dalian CIMC Railway Equipment Co., Ltd[6]	–	1,802
CIMC Vehicles (Shandong) Co., Ltd[6]	–	5,683
Ruiji Logistics (Wuhu) Co., Ltd.[7]	–	230
Shenzhen South CIMC Logistics Co., Ltd[8]	–	1,489
Albert Ziegler (Beijing) Ltd.[9]	–	1,095
CIMC Air Marrel SAS[10]	–	643
CIMC Flight B.V.[11]	2,330	–

Notes:-

1 These companies are considered the "same interested person" for the purposes of Chapter 9 of the Catalist Rules.

2 This relates to the reimbursement of salaries and fees paid by CIMC-TD Group to CIMC Group in connection with the secondment of staff from CIMC Group.

3 This relates to the cumulative cash deposit (excluding withdrawals) placed with CIMC Finance for 12 months ended 31 December 2015.

4 This relates to the sale of material handling system to CIMC Capital Ltd.

5 This relates to the purchase of passageway for building passenger boarding bridges from CIMC-Shac (Xi'an) Special Vehicles Co., Ltd.

6 This relates to the purchase of steel structure from Dalian CIMC Railway Equipment Co., Ltd., and CIMC Vehicles (Shandong) Co., Ltd.

7 This relates to the purchase of steel structure from and reimbursement of salaries paid by CIMC-TD to Ruiji Logistics (Wuhu) Co., Ltd.

8 This relates to the provision of transportation service by Shenzhen South CIMC Logistics Co., Ltd.

9 This relates to the purchase of emergency rescue fire truck from and rental received for the lease of property to Albert Ziegler (Beijing) Ltd.

10 This relates to the purchase of aircraft cargo loader from CIMC Air Marrel SAS.

11 This relates to the acquisition of 100% interest in CIMC Air Marrel SAS from CIMC Flight B.V.

CONTENTS

046 Director's Statement

049 Independent Auditor's Report

050 Consolidated Statement of Comprehensive Income

051 Statement of Financial Position - Group

052 Statement of Financial Position - Company

053 Consolidated Statement of Changes in Equity

054 Consolidated Statement of Cash Flows

056 Notes to the Financial Statements

134 Statistics of Shareholdings

136 Notice of Annual General Meeting

Proxy Form

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors present their statement to the members 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 statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 50 to 133 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

Directors

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

Li Yinhui
Soon Kong Ann
Yu Yuqun
Zheng Zuhua
Zeng Beihua (Appointed on 2 April 2015)
Lee Dah Khang (Appointed on 28 April 2015)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2015	At 1.1.2015	At 31.12.2015	At 1.1.2015
Pteris Global Limited				
(No. of ordinary shares)				
Soon Kong Ann	1,360,000	1,360,000	4,740,000	4,740,000
Low Kok Hua (resigned on 28 April 2015)	–	6,887,632	–	47,040

The director's interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Share options

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

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

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

Soon Kong Ann (Chairman)
Lee Dah Khang
Zheng Zuhua

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

Other information regarding the Scheme is set out below:

- The exercise prices of the options are set at the market price at the time of grant;
- The options can be exercised one year after the grant. Further vesting period for the exercise of the options may be set; and
- The options granted expire after 5 years for non-executive directors and 10 years for the employees of the Company and its subsidiaries.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company under option at the end of the financial year.

Since the commencement of the Scheme to the end of FY2015, no options have been granted to the controlling shareholders of the Company or their associates, directors and employees of the parent company and its subsidiaries and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Audit Committee

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

Lee Dah Khang (Chairman)
Soon Kong Ann
Yu Yuqun

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors.

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

Independent Auditor

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

Li Yinhui
Director

Zheng Zuhua
Director

23 March 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Pteris Global Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Pteris Global Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 133, 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, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Report on other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	5	341,335	240,581
Other income	6	12,281	3,373
Material costs		(201,812)	(138,204)
Subcontract costs		(43,347)	(13,554)
Staff costs	7	(48,569)	(37,068)
Depreciation and amortisation		(6,720)	(2,359)
Other operating expenses	8	(30,163)	(37,840)
Foreign exchange differences	9	1,820	2,940
Finance expenses	10	(2,973)	(1,166)
Profit before income tax		21,852	16,703
Income tax expense	11	(3,525)	(3,360)
Net profit		18,327	13,343
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		(386)	3,298
Other comprehensive income, net of tax		(386)	3,298
Total comprehensive income		17,941	16,641
Profit attributable to:			
Equity holders of the Company		13,210	13,019
Non-controlling interests		5,117	324
		18,327	13,343
Total comprehensive income attributable to:			
Equity holders of the Company		13,243	16,317
Non-controlling interests		4,698	324
		17,941	16,641
Earnings per share attributable to equity holders of the Company (cents per share)			
Basic earnings per share	12	3.54	5.13
Diluted earnings per share	12	3.54	4.81

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

STATEMENT OF FINANCIAL POSITION - GROUP

As at 31 December 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	13	33,637	51,155
Trade and other receivables	14	198,023	189,014
Inventories	15	47,771	58,754
Contract work-in-progress	16	17,363	24,510
Asset held for sale	17	3,218	–
Other financial assets	18	106	118
		300,118	323,551
Non-current assets			
Property, plant and equipment	19	109,098	102,554
Investment properties	20	40,748	–
Intangible assets	21	35,835	26,169
Land use rights	22	15,281	14,331
Other assets		72	72
Deferred income tax assets	23	5,186	4,269
		206,220	147,395
Total assets		506,338	470,946
LIABILITIES			
Current liabilities			
Trade and other payables	25	198,876	171,652
Excess of progress billing over contract work-in-progress	16	5,602	5,483
Borrowings	26	20,004	91,914
Provisions	27	17,264	14,868
Other financial liabilities	18	442	–
Provision for taxation		4,472	4,840
		246,660	288,757
Non-current liabilities			
Deferred income tax liabilities	23	219	249
Trade and other payables	25	2,739	–
Borrowings	26	1,277	–
Deferred income	28	9,488	8,764
		13,723	9,013
Total liabilities		260,383	297,770
NET ASSETS		245,955	173,176
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	97,819	97,819
Reserves	30	108,862	73,556
		206,681	171,375
Non-controlling interests		39,274	1,801
Total equity		245,955	173,176

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

STATEMENT OF FINANCIAL POSITION - COMPANY

As at 31 December 2015

	Note	2015 $'000	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	13	8,567	7,521
Trade and other receivables	14	59,520	47,949
Inventories	15	4	4
Contract work-in-progress	16	5,155	10,944
		73,246	66,418
Non-current assets			
Property, plant and equipment	19	7,323	19,869
Investment properties	20	10,141	–
Other assets		72	72
Investments in subsidiaries	24	145,605	201,071
		163,141	221,012
Total assets		236,387	287,430
LIABILITIES			
Current liabilities			
Trade and other payables	25	21,077	31,441
Excess of progress billing over contract work-in-progress	16	1,069	2,930
Borrowings	26	8,512	52,139
Provisions	27	2,384	2,505
Provision for taxation		375	–
		33,417	89,015
Total liabilities		33,417	89,015
NET ASSETS		202,970	198,415
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	247,410	247,410
Reserves	30	(44,440)	(48,995)
Total equity		202,970	198,415

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Note	Attributable to equity holders of the Company							
		Share capital	Surplus reserve	Other reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015									
Beginning of financial year		97,819	1,945	–	627	70,984	171,375	1,801	173,176
Net profit		–	–	–	–	13,210	13,210	5,117	18,327
Other comprehensive income for the year		–	–	–	33	–	33	(419)	(386)
Total comprehensive income for the year		–	–	–	33	13,210	13,243	4,698	17,941
Strike off of a subsidiary		–	–	–	(567)	567	–	–	–
Disposal of subsidiary without loss of control	24	–	–	22,063	–	–	22,063	32,075	54,138
Non-controlling interest of a subsidiary		–	–	–	–	–	–	1,000	1,000
Dividends to non-controlling interests		–	–	–	–			(300)	(300)
Total transactions with owners, recognised directly in equity		–	–	22,063	(567)	567	22,063	32,775	54,838
End of financial year		97,819	1,945	22,063	93	84,761	206,681	39,274	245,955

	Note	Attributable to equity holders of the Company						
		Share capital	Surplus reserve	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014								
Beginning of financial year		21,504	1,945	(2,671)	57,965	78,743	1,926	80,669
Net profit		–	–	–	13,019	13,019	324	13,343
Other comprehensive income for the year		–	–	3,298	–	3,298	–	3,298
Total comprehensive income for the year		–	–	3,298	13,019	16,317	324	16,641
Issuance of shares pursuant to reverse acquisition	2, 37(ii)	41,498	–	–	–	41,498	–	41,498
Deferred shares	2	34,786	–	–	–	34,786	–	34,786
Issuance of shares as part payment of professional fees for the reverse acquisition	29	550	–	–	–	550	–	550
Issuance of Advanced Monies shares for the reverse acquisition	29	1,200	–	–	–	1,200	–	1,200
Share issuance expenses		(1,719)	–	–	–	(1,719)	–	(1,719)
Dividends to non-controlling interests		–	–	–	–	–	(449)	(449)
Total transactions with owners, recognised directly in equity		76,315	–	–	–	76,315	(449)	75,866
End of financial year		97,819	1,945	627	70,984	171,375	1,801	173,176

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit before income tax		21,852	16,703
Adjustments for:			
– Depreciation and amortisation		6,720	2,359
– Loss on disposal of property, plant and equipment		30	488
– Property, plant and equipment written off		42	–
– Interest income		(398)	(535)
– Dividend income		(6)	(3)
– Interest expense		2,500	798
– Gain from change in fair value of contingent consideration		–	(504)
– Loss from change in fair value of other financial assets		461	581
– The excess of fair value of total identifiable net assets over the consideration	37(i)(b)	325	–
		31,526	19,887
Change in working capital			
– Inventories and construction work-in-progress		24,758	(11,079)
– Trade and other receivables		(27,553)	(38,932)
– Trade and other payables		1,127	42,522
– Provisions		1,891	3,910
Cash generated from operations		31,749	16,308
Income tax paid		(4,708)	(3,061)
Net cash provided by operating activities		27,041	13,247
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets		(41,610)	(12,139)
Proceeds from sale of property, plant and equipment		58	2
Interest received		398	535
Dividend received		6	3
Cash received for disposal of interest in a subsidiary	24	54,138	–
Acquisition of a subsidiary, net of cash acquired	37(i)(c)	(1,393)	–
Net cash from reverse acquisition	37(ii)(c)	–	20,491
Net cash flows from investing activities		11,597	8,892

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

(continued)

	Note	2015 $'000	2014 $'000
Cash flows from financing activities			
Repayment of borrowings from related companies		(55,447)	(49,443)
Repayment of bank loans		(78,403)	–
Advances received from related companies, net		17,806	–
Proceeds of new loans from related companies		39,605	51,428
Proceeds of new loans from banks		22,984	18,514
Payment of finance lease liabilities		-	(28)
Interest paid		(2,731)	(2,322)
Cash injection from non-controlling interest of a subsidiary		1,000	–
(Increase)/Decrease in cash pledged		(6)	6
Dividend paid to non-controlling interest of a subsidiary		(749)	–
Net cash flows (used in)/from financing activities		(55,941)	18,155
Net (decrease)/increase in cash and cash equivalents		(17,303)	40,294
Cash and cash equivalents			
Beginning of financial year		48,949	7,940
Effects of currency translation on cash and cash equivalents		(221)	715
End of financial year	13	31,425	48,949

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

1. General information

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

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

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

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

2. The Acquisition in 2014

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. The Acquisition in 2014 (continued)

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

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

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

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

The effects of the Acquisition are disclosed in Note 37.

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

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

3. Significant accounting policies

3.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.1 Basis of preparation (continued)

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

FRS 108 *Operating segments*

The Group has adopted the above amendment to FRS 108 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014.

It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosures in Note 36 of the financial statements.

3.2 Revenue recognition

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

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

Sale of Goods

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

For sales of airport equipment and material handling systems, there are two revenue sub-streams comprising revenue from the sales of the equipment and systems and revenue from installation and testing services and the provision of training to customers in relation to those items. Revenue from the sales of the equipment and systems is recognised when the Group has delivered the items to locations specified by its customers and the customers have accepted the items in accordance with the sales contracts. For accounting policy for revenue from installation and testing services and the provision of training to customers in relation to those items, please refer to the paragraph Rendering of service.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.2 Revenue recognition (continued)

Construction contracts

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

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

Rendering of service

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

Rental income

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

3.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals

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

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

(b) Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

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

(ii) Other property, plant and equipment

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

(iii) Assets under construction

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

(iv) Components of costs

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

(b) Depreciation

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

	Useful lives
Leasehold building – Singapore	23 years
Leasehold buildings – China	29 years
Motor vehicles	5 - 7 years
Machinery and equipment	3 - 10 years
Office and other equipment	3 - 10 years

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

(c) Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

(d) Disposal

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

3.5 Intangible assets

(a) Measurement

(i) Goodwill on acquisitions

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

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

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

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

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

(ii) Other intangible assets

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

(b) Subsequent expenditure

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

(c) Amortisation

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.5 Intangible assets (continued)

(c) Amortisation (continued)

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

	Useful lives
Software	10 years
Operating rights of automated parking system	12 -18 years

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

3.6 Borrowing costs

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

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

3.7 Construction contracts

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.8 Investment properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight line method to allocate the depreciable amounts over the estimated useful lives of 23 years to 45 years. The residual values, useful lives and the depreciation method of investment properties are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

3.9 Investments in subsidiaries

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

3.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.10 Impairment of non-financial assets (continued)

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

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

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

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

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

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

3.11 Financial assets

(a) Classification

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.11 Financial assets (continued)

(a) Classification (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for non-current interest-free receivables from subsidiaries which have been accounted for in accordance with Note 3.9 on Investments in subsidiaries. Loans and receivables are presented as "trade and other receivables" (Note 14) and "cash and cash equivalents" (Note 13) on the statement of financial position.

(b) Recognition and derecognition

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

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

(c) Initial measurement

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

(d) Subsequent measurement

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

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

(e) Impairment

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.11 Financial assets (continued)

(e) Impairment (continued)

(i) Loans and receivables

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

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

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

3.12 Offsetting of financial instruments

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

3.13 Borrowings

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

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

3.14 Trade and other payables

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

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

3.15 Land use rights

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.16 Derivative financial instruments

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

3.17 Fair value estimation of financial assets and liabilities

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

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

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

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

3.18 Leases

(a) When the Group is the lessee

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

(i) Lessee - Finance leases

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

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

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

(ii) Lessee - Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.18 Leases (continued)

(b) When the Group is the lessor

(i) Lessor - Operating leases

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

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

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

3.19 Inventories

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

3.20 Income taxes

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

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

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

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

Deferred income tax is measured:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.20 Income taxes (continued)

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

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

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

3.21 Provisions

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

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

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

3.22 Employee compensation

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

(a) Defined contribution plans

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

(b) Termination benefits

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.23 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

(c) Translation of Group entities' financial statements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.24 Segment reporting

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

3.25 Cash and cash equivalents

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

3.26 Government grants

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

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

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

3.27 Share capital

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

3.28 Dividends to Company's shareholders

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

3.29 Other assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting policies (continued)

3.30 Non-current assets held for sale

Non-current assets are classified as assets held for sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

4. Critical accounting estimates and assumptions and judgements

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

(a) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 3.10.

The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 21). Management is of the view that no impairment of the CGUs were required as at 31 December 2015.

The key estimates, used in the assessment of the carrying value of goodwill in the Logistic System Business ("LSB"), relate to the budgeted revenue growth rate used to extrapolate cash flows of the CGUs within the 5-year budget period. If management's estimated growth rate of LSB CGU were to decrease by 1% from the range of 11.4% -14% to 10.4%- 13%, the recoverable amount of the goodwill will decrease by $10,333,000. This will result in the excess of economic value over the carrying amount of goodwill to decrease from $12,765,000 to $2,432,000.

(b) Construction contracts

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

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

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by $9,904,000 and $1,674,000 respectively.

(c) Impairment of loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4. Critical accounting estimates and assumptions and judgements (continued)

(c) Impairment of loans and receivables (continued)

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. An impairment charge of $1,662,000 (2014: $3,014,000) arose for the financial year ended 31 December 2015.

As at 31 December 2015, the Group recorded allowance for impairment of trade and other receivables amounting to $11,909,000 (2014: $10,190,000) Further analysis of the Group's credit profile is set out in Note 33(b).

5. Revenue

	Group	
	2015	2014
	$'000	$'000
Sales of goods	257,143	204,405
Construction contracts	84,192	36,176
	341,335	240,581

6. Other income

	Group	
	2015	2014
	$'000	$'000
Government grants	5,959	571
Rental income	3,721	1,430
Interest income	398	535
Sale of scrap materials	395	281
Compensation received	394	–
The excess of fair value of total identifiable net asset over the consideration (Note 37(i)(b))	325	–
Gain from change in fair value of other financial assets	28	5
Dividend income	6	3
Gain from change in fair value of contingent consideration (Note 2)	–	504
Others	1,055	44
	12,281	3,373

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7. Staff costs

	Group	
	2015	2014
	$'000	$'000
Wages and salaries	36,771	29,049
Employer's contribution to defined contribution plans	5,931	4,779
Termination benefit	211	504
Other benefits	5,656	2,736
	48,569	37,068

8. Other operating expenses

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

	Group	
	2015	2014
	$'000	$'000
Shipping and insurance fees	10,778	11,477
Marketing expense	3,327	3,875
Transportation and travelling expense	2,141	1,807
Research and development expense	1,914	1,292
Business tax surcharges	1,682	1,458
Allowance for doubtful receivables	1,662	3,014
Operating lease expense	1,585	2,665
Legal and professional fees	805	2,310
Loss from change in fair value of other financial assets	489	586
Allowance for provision for obsolescence in inventories	228	–
General insurance fees	226	385
Audit fees paid to:		
– auditors of the Company	220	215
– other auditors	155	150
Telecommunication and communication expense	200	207
Loss from disposal of property, plant and equipment	79	488
Property, plant and equipment written off	42	–
Non-audit fees paid to auditors of the Company	–	30

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9. Foreign exchange differences

	Group	
	2015	2014
	$'000	$'000
Net foreign exchange gain	2,115	2,170
Net fair value (loss)/gain on currency forward contract	(295)	770
	1,820	2,940

10. Finance expenses

	Group	
	2015	2014
	$'000	$'000
Interest expense on:		
– Borrowings from ultimate holding company	1,180	283
– Borrowings from CIMC Finance Company	548	707
– Borrowings from bank	1,671	1,145
Bank settlement charges	473	289
Others	–	79
Less: Interest expense capitalised	(899)	(1,337)
	2,973	1,166

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

11. Income tax expense

	Group	
	2015	2014
	$'000	$'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax		
– Singapore	–	–
– Foreign	3,795	4,774
	3,795	4,774
Deferred income tax (Note 23)	(645)	(1,480)
– Under provision in prior financial years:		
Current income tax	375	66
	3,525	3,360

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11. Income tax expense (continued)

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

	Group	
	2015	2014
	$'000	$'000
Profit before income tax	21,852	16,703
Tax calculated at tax rate of 17% (2014: 17%)	3,715	2,840
Effects of:		
– different tax rates in other countries	2,140	1,308
– tax incentives	(2,711)	(2,537)
– expenses not deductible for tax purposes	440	454
– utilisation of previously unrecognised tax losses	(514)	–
– deferred tax benefits not recognised (Note (a))	266	1,237
– under provision of tax in prior years	375	66
– others	(186)	(8)
Tax charge	3,525	3,360

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

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

12. Earnings per share

(a) Basis earnings per share

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

	2015	2014
Profit attributable to equity holders of the Company ($'000)	13,210	13,019
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	373,362	253,959
Basic earnings per share (cents)	3.54	5.13

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12. Earnings per share (continued)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share in 2014, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The dilutive potential ordinary shares pertain to additional ordinary shares in the Company that are to be issued to CIMC-HK and TGM. (Note 2)

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

	2015	2014
Profit attributable to equity holders of the Company ($'000)	13,210	13,019
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	373,362	253,959
Adjustment for the shares to be issued to CIMC-HK and TGM ('000) (Note 2)	–	16,851
	373,362	270,810
Diluted earnings per share (cents)	3.54	4.81

13. Cash and cash equivalents

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at bank and on hand	19,200	23,576	6,355	5,315
Cash at CIMC Finance Company	12,131	25,051	–	–
Fixed deposit with bank	2,306	2,528	2,212	2,206
Cash and cash equivalents in the statements of financial position	33,637	51,155	8,567	7,521
Cash and deposits pledged	(2,212)	(2,206)	(2,212)	(2,200)
Cash and cash equivalents per consolidated statement of cash flows	31,425	48,949	6,355	5,321

Cash at CIMC Finance Company refer to deposits placed with CIMC Finance Company Ltd. CIMC Finance Company is a subsidiary of the ultimate holding corporation of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables				
– Related companies	5,917	1,838	–	–
– Subsidiaries	–	–	33,504	27,348
– Non-controlling interest	–	332	–	–
– Non-related parties	158,294	139,995	9,119	10,228
– Bills receivables	1,084	1,339	–	–
– Retention on construction contracts (Note 16)	6,031	9,785	649	5,376
– Retention receivables	16,975	19,324	–	–
	188,301	172,613	43,272	42,952
Less: Allowance for doubtful trade receivables – non- related parties	(11,422)	(9,703)	(1,473)	(1,084)
Trade receivables - net	176,879	162,910	41,799	41,868
Non-trade receivables				
– Immediate holding company	–	175	–	–
– Related companies	50	–	–	–
– Subsidiaries	–	–	17,304	5,386
	50	175	17,304	5,386
Other receivables	6,077	5,278	599	741
Less: Allowance for doubtful other receivables	(487)	(487)	(448)	(448)
Other receivables – net	5,590	4,791	151	293
Staff loans	534	1,018	–	–
Deposits	4,031	2,318	84	84
Prepayments	10,939	17,802	182	318
	198,023	189,014	59,520	47,949

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15. Inventories

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Raw materials	10,590	7,466	4	4
Work-in-progress	35,636	49,715	–	–
Finished goods	903	1,970	–	–
Spare parts	2,687	67	–	–
	49,816	59,218	4	4
Provision for obsolescence	(2,045)	(464)	–	–
	47,771	58,754	4	4

The cost of inventories recognised as an expense and included in materials costs amounted to $119,128,000 (2014:$91,059,000).

16. Contract work-in-progress

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Aggregate costs incurred and profits recognised to date on uncompleted construction contracts	298,395	345,186	88,477	201,536
Less: Allowance for foreseeable losses	(1,849)	(2,448)	(1,475)	(2,271)
Less: Progress billings	(284,785)	(323,711)	(82,916)	(191,251)
	11,761	19,027	4,086	8,014
Presented as:				
Contract work-in-progress – due from customers	17,363	24,510	5,155	10,944
Excess of progress billing over contract work-in-progress – due to customers	(5,602)	(5,483)	(1,069)	(2,930)
	11,761	19,027	4,086	8,014
Retention on construction contracts included in trade receivables (Note 14)	6,031	9,785	649	5,376

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17. Asset held for sale

	Group	
	2015	2014
	$'000	$'000
Asset held for sale	3,218	–

The details of the Group's asset held for sale as at 31 December 2015 are as follows:

Name of property	Description	Tenure of property	Site area sq.m.	Attributable interest
Leasehold land and Buildings in Malaysia	Industrial plot, built upon with several industrial buildings and ancillary structures	99-years lease from 15 December 1989	31,591	100%
Freehold land in Malaysia	Industrial plot, built upon with a warehouse	–	35,980	100%
Freehold land in Malaysia	Industrial land, cultivated upon with matured fruit trees	–	66,469	100%

Management has reclassified S$3,218,000 of property, plant and equipment to asset held for sale at 31 December 2015. The sale is highly probable and is expected to be completed within 12 months. No impairment loss was recognised as at 31 December 2015.

18. Other financial assets and other financial liabilities

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Quoted equity securities designed at fair value through profit or loss	106	78	–	–
Derivative financial (liabilities)/assets	(442)	40	–	–
	(336)	118	–	–

Derivative financial instruments comprise fair value losses and gains of United States Dollar/ Chinese Renminbi currency forwards used to manage the exposure from committed purchase of inventories in foreign currencies. The contracted notional principal amount of the derivatives outstanding at the end of the reporting period is RMB 76,737,000 or S$ equivalent of $16,639,000 (2014: RMB 50,341,000 or S$ equivalent of $10,800,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. Property, plant and equipment

Group	Leasehold buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2015						
Cost						
Beginning of financial year	66,041	4,883	1,065	4,652	33,598	110,239
Currency translation differences	(1,140)	(300)	(180)	(91)	(44)	(1,755)
Additions	18,027	5,254	604	7,029	22,500	53,414
Disposals and write-offs	–	(524)	(578)	(2,727)	–	(3,829)
Acquisition of subsidiary (Note 37 (i))	31	32	–	22	–	85
Reclassification	43,026	6,988	–	–	(50,014)	–
Reclass to investment properties	(39,087)	–	–	–	–	(39,087)
Reclass to asset held for sale	(2,956)	(643)	–	(110)	–	(3,709)
End of financial year	83,942	15,690	911	8,775	6,040	115,358
Accumulated depreciation and impairment losses						
Beginning of financial year	3,248	1,547	515	2,375	–	7,685
Currency translation differences	(404)	(451)	15	(12)	–	(852)
Depreciation charge	4,055	875	185	524	–	5,639
Acquisition of subsidiary (Note 37 (i))	19	20	–	11	–	50
Disposals and write-offs	–	(545)	(470)	(2,688)	–	(3,703)
Reclass to investment properties	(2,068)	–	–	–	–	(2,068)
Reclass to asset held for sale	(142)	(309)	–	(40)	–	(491)
End of financial year	4,708	1,137	245	170	–	6,260
Net book value						
End of financial year	79,234	14,553	666	8,605	6,040	109,098

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. Property, plant and equipment (continued)

Group	Land and buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2014						
Cost						
Beginning of financial year	3,348	3,867	888	3,798	20,456	32,357
Currency translation differences	(262)	182	45	41	758	764
Additions	–	1,022	46	579	12,106	13,753
Disposals and write-offs	–	(1,623)	(173)	(618)	–	(2,414)
Acquired from reverse acquisition (Note 37 (ii))	62,955	1,435	259	852	278	65,779
End of financial year	66,041	4,883	1,065	4,652	33,598	110,239
Accumulated depreciation and impairment losses						
Beginning of financial year	2,219	2,260	410	2,462	–	7,351
Currency translation differences	30	(83)	24	112	–	83
Depreciation charge	999	532	148	303	–	1,982
Disposals and write-offs	–	(990)	(66)	(444)	–	(1,500)
Impairment loss written off on disposal	–	(172)	(1)	(58)	–	(231)
End of financial year	3,248	1,547	515	2,375	–	7,685
Net book value						
End of financial year	62,793	3,336	550	2,277	33,598	102,554

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. Property, plant and equipment (continued)

Company	Leasehold buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Total
	$'000	$'000	$'000	$'000	$'000
2015					
Cost					
Beginning of financial year	22,912	4,205	268	3,150	30,535
Additions	39	–	30	109	178
Disposals and write-offs	(1,580)	(51)	(269)	(2,160)	(4,060)
Reclassified to investment properties	(12,737)	–	–	–	(12,737)
End of financial year	8,634	4,154	29	1,099	13,916
Accumulated depreciation and impairment losses					
Beginning of financial year	3,559	4,197	268	2,642	10,666
Depreciation charge	796	2	1	184	983
Disposals and write-offs	–	(51)	(269)	(2,140)	(2,460)
Reclassified to investment properties	(2,596)	–	–	–	(2,596)
End of financial year	1,759	4,148	–	686	6,593
Net book value					
End of financial year	6,875	6	29	413	7,323

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

19. Property, plant and equipment (continued)

(a) In 2014, bank borrowings are secured by a debenture over the Group's assets and a mortgage against a leasehold building in Singapore with a carrying amount of $19,353,000 (Note 26).

(b) The amount of borrowing cost capitalised as part of the costs in relation to the construction of the new factory was $899,000 (2014: $1,337,000) with a capitalisation rate of 5.4% (2014: 5.15%).

20. Investment properties

	Group	Company
	$'000	$'000
2015		
Beginning of financial year	–	–
Transferred from property, plant and equipment	37,019	10,141
Transferred from land use rights	3,729	–
End of financial year	40,748	10,141

Investment properties are leased to non-related parties under operating leases (Note 32).

The following amounts are recognised in profit and loss:

	Group	Company
	2015	2015
	$'000	$'000
Rental income (Note 6)	3,721	3,064
Direct operating expenses arising from:		
– Investment properties that generate rental income	634	634

At the statement of financial position date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
28 Quality Road, Singapore	A storey of office space of a 3-storey office building	3-years lease from 1 April 2015
9 Fuyuan Street, Erlu, Baoan District, Shenzhen City, China	A single storey factory building	5-years lease with an option for a further 5-years from 1 October 2015

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Investment properties (continued)

Fair value hierarchy - Recurring fair value measurements

	Fair value measurements using		
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	$'000	**$'000**	**$'000**
31 December 2015			
– Office building – Singapore	–	–	33,972
– Land use rights and factory building – China	–	–	73,014

Valuation techniques used to derive Level 3 fair values

Level 3 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 December 2015.

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	**Fair value at 31 December 2015 ($'000)**	**Valuation technique**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
Office building – Singapore	33,972	Direct comparison	Prevailing market value per square metres	The higher the prevailing market value, the higher the fair value.
Land use rights and factory building – China	73,014	Direct comparison	Prevailing market value per square metres	The higher the prevailing market value, the higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Investment properties (continued)

Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the group's properties at the end of every financial year based on the properties' highest and best use. As at 31 December 2015, the fair value of the office building-Singapore has been determined by DTZ Debenham Tie Leung (SEA) Pte Ltd.

The finance department of the Group includes a team that performs the valuations of non-property assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the Chief Financial Officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every quarter, in line with the Group's quarterly reporting dates.

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 3 fair values are analysed at each reporting date during the quarterly valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

21. Intangible assets

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Composition:				
Goodwill arising on consolidation (Note (a))	22,085	23,662	–	–
Other intangible assets (Note (b))	13,750	2,507	–	–
	35,835	26,169	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21. Intangible assets (continued)

(a) Goodwill arising on consolidation

	Group	
	2015	2014
	$'000	$'000
Cost		
Beginning of financial year	23,662	387
Arising from reverse acquisition (Note 37 (ii)(b))	–	23,261
Adjustment (Note 37 (ii)(b))	(1,580)	–
Currency translation differences	3	14
End of financial year	22,085	23,662
Net book value	22,085	23,662

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs identified according to business segments.

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

	Group	
	2015	2014
	$'000	$'000
LSB	21,681	23,261
Ground Support Equipment ("GSE")	404	401
	22,085	23,662

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

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

Key assumptions used for value-in-use calculations:

	2015		2014	
	LSB	GSE	LSB	GSE
Budgeted revenue growth	11.4%-14%	14%	14%	14%
Terminal value growth rate	3%	3%	3%	3%
Discount rate	13%	13%	13%	13%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

- Budgeted revenue growth

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

- Terminal value growth rate

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

- Discount rate

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

Besides the key assumptions above, management has also took into account other assumptions, namely gross profit margin, replacement cost of capital investment and staff cost inflation rate.

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

Sensitivity to changes in assumptions

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

(b) Other intangible assets

2015	**Software**	**Operating rights for automated parking system**	**Total**
	$'000	**$'000**	**$'000**
Cost			
Beginning of financial year	721	2,111	2,832
Additions	203	12,044	12,247
Currency translation differences	6	8	14
End of financial year	930	14,163	15,093
Accumulated amortisation			
Beginning of financial year	325	–	325
Amortisation	92	923	1,015
Currency translation differences	3	–	3
End of financial year	420	923	1,343
Carrying amount at end of financial year	510	13,240	13,750

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21. Intangible assets (continued)

(b) Other intangible assets (continued)

2014	Software	Operating rights for automated parking system	Total
	$'000	$'000	$'000
Cost			
Beginning of financial year	654	1,560	2,214
Additions	43	494	537
Currency translation differences	24	57	81
End of financial year	721	2,111	2,832
Accumulated amortisation			
Beginning of financial year	243	–	243
Amortisation	70	–	70
Currency translation differences	12	–	12
End of financial year	325	–	325
Carrying amount at end of financial year	396	2,111	2,507

In 2014 and 2015, the Group entered into a service concession agreement under a "Build-Operate-Transfer" model with a local hospital in Hubei and a real estate developer in Anhui, China, respectively. Under the terms of the agreement, this is an operation model for the construction of an automated carpark system project ("System") which gives the operating rights to the Group to allow the Group to recover its construction costs incurred by charging a fee to the users for using the System over the concession period. After the Group breaks even the construction costs for the System, the Group will continue to operate for another 12 and 18 years before transferring the System to the hospital and the real estate developer respectively.

The operating rights of the System are amortised over the concession period of 12 and 18 years. The Group will be responsible for any maintenance services required during the concession period. At the end of the concession period, the System will become the property of the hospital and the real estate developer and the Group will have no further involvement in its operation or maintenance requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Land use rights

	Group	
	2015	2014
	$'000	$'000
Cost		
Beginning of financial year	15,742	13,435
Additions	5,049	1,817
Currency translation differences	61	490
Reclass to investment properties	(4,395)	–
End of financial year	16,457	15,742
Accumulated amortisation		
Beginning of financial year	1,411	1,081
Amortisation	425	279
Currency translation differences	6	51
Reclass to investment properties	(666)	–
End of financial year	1,176	1,411
Net book value	15,281	14,331

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

Amortisation

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23. Deferred income taxes

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

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Deferred income tax assets				
– To be recovered within one year	–	–	–	–
– To be recovered after one year	5,186	4,269	–	–
	5,186	4,269	–	–
Deferred income tax liabilities				
– To be settled within one year	–	–	–	–
– To be settled after one year	219	249	–	–
	219	249	–	–

Movement in deferred income tax account is as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Beginning of financial year	4,269	2,626	–	393
Currency translation differences	27	163	–	–
Acquisition of subsidiary	245	–	–	–
Tax charge to profit or loss (Note 11)	645	1,480	–	(393)
End of financial year	5,186	4,269	–	–

Deferred income tax liabilities of $9,996,000 (2014: $7,829,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of an overseas subsidiary when remitted to the holding company. These unremitted profits are permanently reinvested and amount to $99,964,000 (2014: $78,291,000) at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23. Deferred income taxes (continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has accumulated unrecognised tax losses of $52,926,000 (2014: $55,873,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

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

Group

Deferred income tax liabilities

	Beginning of financial year	Acquisition of subsidiary (Note 37)	(Credited)/ Charged to profit or loss	Currency translation differences	End of financial year
	$'000	$'000	$'000	$'000	$'000
2015					
Property, plant and equipment	501	–	(186)	(3)	312
Other items	(252)	155	–	4	(93)
	249	155	(186)	1	219
2014					
Property, plant and equipment	–	510	–	(9)	501
Other items	–	(255)	–	3	(252)
	–	255	–	(6)	249

Deferred income tax assets

	Beginning of financial year	Acquisition of subsidiary (Note 37)	Currency translation differences	(Credited)/ Charged to profit or loss	End of financial year
	$'000	$'000	$'000	$'000	$'000
2015					
Impairment losses	109	–	1	–	110
Provisions	1,731	–	10	421	2,162
Allowances for doubtful debts	1,283	–	8	176	1,467
Derivatives	(6)	–	(1)	73	66
Tax losses	121	–	(2)	221	340
Employee benefit payable	1,031	–	10	(90)	951
Accrued expenses	–	245	–	(155)	90
	4,269	245	26	646	5,186

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23. Deferred income taxes (continued)

Group (continued)

Deferred income tax assets (continued)

	Beginning of financial year $'000	Currency translation differences $'000	(Credited)/ Charged to profit or loss $'000	End of financial year $'000
2014				
Impairment losses	150	3	(44)	109
Provisions	1,122	65	544	1,731
Allowances for doubtful debts	912	48	323	1,283
Derivatives	(95)	1	88	(6)
Tax losses	175	4	(58)	121
Employee benefit payable	362	42	627	1,031
	2,626	163	1,480	4,269

Company

Deferred income tax assets

	Beginning of financial year $'000	(Credited)/ Charged to profit or loss $'000	End of financial year $'000
2015			
Provisions	–	–	–
Property, plant and equipment	–	–	–
	–	–	–
2014			
Provisions	769	(769)	–
Property, plant and equipment	(376)	376	–
	393	(393)	–

24. Investments in subsidiaries

	Company	
	2015 $'000	2014 $'000
Unquoted equity investment, at cost	143,658	199,464
Impairment losses	(3,659)	(6,979)
	139,999	192,485
Loans to subsidiaries, at cost	5,606	11,761
Impairment of loan receivables	–	(3,175)
	145,605	201,071

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Investments in subsidiaries (continued)

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

Disposal of interest in subsidiary without loss of control

During the financial year, the Group has completed the disposal of a 30% interest in CIMC-TD for a cash consideration of $54,138,000. The carrying amount of the non-controlling interest in CIMC-TD at the date of disposal was $32,075,000.

Movement in impairment losses of investment in subsidiaries:

	Company	
	2015	**2014**
	$'000	**$'000**
Beginning of financial year	6,979	6,938
Impairment losses	–	41
Written off against provisions	(3,320)	–
End of financial year	3,659	6,979

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

In 2014, indicators of impairment were identified for an investment in a subsidiary arising from significant losses incurred during the year. As a result, an impairment assessment was performed by management, which led to an impairment of $41,000 based on its value in use.

The calculations used to determine the value in use include cash flow projections from financial budgets approved by management covering a five year period. The pre-tax discount rate of 13% was applied, and the terminal value was computed based on the perpetuity growth model where a growth rate of 3% was used.

Movement in impairment losses of loan receivables:

	Company	
	2015	**2014**
	$'000	**$'000**
Beginning of financial year	3,175	3,231
Written off against provisions	(3,175)	–
Effect of foreign exchange rates	–	(56)
End of financial year	–	3,175

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Investments in subsidiaries (continued)

The Company had the following subsidiaries as at 31 December 2015 and 2014:

Company

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling Interest		Note
			2015 %	2014 %	2015 %	2014 %	2015 %	2014 %	
Inter-Roller Investments Pte. Ltd.	Investment holding	Singapore	100	100	100	100	–	–	(a)
Inter-Roller Engineering Services Pte. Ltd.	Infrastructural engineering and maintenance services	Singapore	100	100	100	100	–	–	(a)
Pteris Global (Singapore) Pte. Ltd (formerly known as Pteris Pte. Ltd.)	Investment holding	Singapore	100	100	100	100	–	–	(a)
AeroMobiles Pte. Ltd.	Manufacture and repair of airport ground support equipment	Singapore	100	100	100	100	–	–	(a)
Pteris Global Sdn. Bhd.	Manufacture of airport logistics system and equipment	Malaysia	100	100	100	100	–	–	(c)
IR (Middle East) LLC	Engineering works	United Arab Emirates	100	100	100	100	–	–	(h)
Pteris Global (Beijing) Ltd.	Engineering works and after sales services	People's Republic of China	100	100	100	100	–	–	(d)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Investments in subsidiaries (continued)

The Company had the following subsidiaries as at 31 December 2015 and 2014: (continued)

Company (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling Interest		Note
			2015 %	2014 %	2015 %	2014 %	2015 %	2014 %	
Pteris Global (Suzhou) Ltd.	Design and manufacture of airport logistics system	People's Republic of China	100	100	100	100	–	–	(e)
Pteris Global (India) Pte Ltd	Supply and maintenance of airport logistics system and equipment	India	100	100	100	100	–	–	(f)
Pteris Global (Thailand) Pte Ltd	Supply and maintenance of airport logistics systems and equipment	Thailand	100	100	100	100	–	–	(h)
Pteris Global (USA) Inc.	Supply and maintenance of airport logistics system and equipment	United States of America	100	100	100	100	–	–	(h)
Pteris Global (Canada) Inc	Supply and maintenance of airport logistics system and equipment	Canada	100	100	100	100	–	–	(h)
Shenzhen CIMC-Tianda Airport Support Ltd.	Manufacture and sales of airport equipment, materials handling systems and automated parking systems	People's Republic of China	70	70	70	100	30	–	(b)
Xinfa Airport Equipment Ltd	Manufacture and sale of ground support equipment	People's Republic of China	–	–	49	70	51	30	(g)
CIMC-Tianda Airport Support (Hong Kong) Limited	Sale and distribution of passenger boarding bridge and ground support equipment	Hong Kong	–	–	100	100	–	–	(g)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Investments in subsidiaries (continued)

The Company had the following subsidiaries as at 31 December 2015 and 2014: (continued)

Company (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling Interest		Note
			2015 %	2014 %	2015 %	2014 %	2015 %	2014 %	
Shenzhen CIMC-Tianda Logistic System Engineering Co., Ltd.	Planning, consultancy, development, design, production and integration of material handling system	People's Republic of China	–	–	100	100	–	–	(g)
Langfang CIMC Airport Support Ltd.	Manufacture and sale of automated parking system, material handling system and ground support equipment, rental of factories and property management	People's Republic of China	–	–	100	100	–	–	(g)
Kunshan CIMC Logistic Automation Equipment Co., Ltd.	Design, development, integration, information, consultancy, systems engineering and equipment planning for material handling system	People's Republic of China	–	–	100	100	-–	–	(g)
CIMC-Tianda (Longyan) Investment Development Co. Ltd.	Investment and asset management in parking lot business	People's Republic of China	–	–	42	60	58	40	(g)
Techman (Hong Kong) Limited	Investment holding	Hong Kong	100	100	100	100	–	–	(b)
CIMC Air Marrel SAS	Manufacturing and exporting ground support equipment	France	100	–	100	–	–	–	(b)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Investments in subsidiaries (continued)

Note:

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Audited by member firms of PricewaterhouseCoopers International.
(c) Audited by TY Teoh International, Malaysia.
(d) Audited by Beijing Zhongyi Xincheng Accounting Firm Limited Company, People's Republic of China.
(e) Audited by Suzhou Industrial Park Reliance Certified Public Accountants Co., Ltd., People's Republic of China.
(f) Audited by Mahendra Tiwan & Co., Ltd., India.
(g) Audited by Pan-China Certified Public Accountants LLP, People's Republic of China.
(h) Not required to be audited.

25. Trade and other payables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current				
Trade payables to:				
– non-related parties	59,962	62,201	823	2,302
– related companies	2,555	262	–	–
– non-controlling interest of a subsidiary	–	70	–	–
– subsidiaries	–	–	9,420	8,398
	62,517	62,533	10,243	10,700
Non-trade payables to:				
– ultimate holding corporation (Note b)	14,244	4,368	–	–
– subsidiaries	–	–	2,214	6,471
	14,244	4,368	2,214	6,471
Dividends payable (Note a)	15,357	15,310	–	–
Advances received	39,384	36,773	–	–
Accruals and other payables	67,374	52,668	8,620	14,270
	198,876	171,652	21,077	31,441
Non-current				
Advances	2,469	–	–	–
Other payables	270	–	–	–
	2,739	–	–	–

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

(b) The non-trade amounts due to ultimate holding corporation and subsidiaries are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. Borrowings

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current				
Unsecured bank loan	15,017	19,350	8,512	–
Unsecured term loan	4,987	20,425	–	–
Secured bank loan	–	52,139	–	52,139
	20,004	91,914	8,512	52,139
Non-current				
Unsecured bank loan	1,277	–	–	–
Total borrowings	21,281	91,914	8,512	52,139

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
6 months or less	8,512	72,564	8,512	52,139
6 - 12 months	11,492	19,350	–	–
1 - 5 years	1,277	–	–	–
	21,281	91,914	8,512	52,139

(a) Security granted

Unsecured borrowings

At 31 December 2015 and 2014, the unsecured term loans of $4,987,000 and $20,425,000 respectively are provided by CIMC Finance Company.

(b) Undrawn borrowing facilities

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Expiring within one year	71,825	105,350	–	–

The facilities expiring within one year from the end of the reporting period are facilities subject to annual review at various dates during 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27. Provisions

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Warranties (Note (a))	16,340	13,836	2,106	2,227
Liquidated damages (Note (b))	924	918	278	278
Others	–	114	–	–
Total	17,264	14,868	2,384	2,505

(a) Warranties

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

Movement in provision for warranties is as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Beginning of financial year	13,836	7,025	2,227	2,240
Acquired from reverse acquisition (Note 37(ii))	–	2,691	–	–
Acquisition in 2015 (Note 37 (i))	429	–	–	–
Currency translation differences	98	437	–	–
Provision made	4,387	5,578	207	88
Provision utilised	(2,318)	(1,895)	(236)	(101)
Provision reversed	(92)	-	(92)	–
End of financial year	16,340	13,836	2,106	2,227

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27. Provisions (continued)

(b) Liquidated damages

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

Movement in provision for liquidated damages is as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Beginning of financial year	918	–	278	1,505
Acquired from reverse acquisition (Note 37)	–	438	–	–
Currency translation differences	6	26	–	–
Provision made	–	892	–	278
Provision utilised	–	–	–	(1,015)
Provision reversed	–	(438)	–	(490)
End of financial year	924	918	278	278

28. Deferred Income

	Group	
	2015 $'000	2014 $'000
Government grants	9,488	8,764

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

29. Share capital

	Group		Company	
	No. of ordinary shares Issued share capital '000	Amount Share capital $'000	No. of ordinary shares Issued share capital '000	Amount Share capital $'000
Issued and fully paid:				
2015				
Beginning and end of financial year	322,947	97,819	322,947	247,410
2014				
Beginning of financial year	–	21,504	548,488	65,161
Share consolidation [1]	109,698	–	109,698	65,161
Issuance of shares pursuant to Acquisition (Note 37)	210,617	41,498[2]	210,617	147,432 [3]
Deferred shares (Note 2)	–	34,786	–	34,786
Issuance of shares as part payment of professional fees[4]	786	550	786	550
Issuance of Advanced Monies shares [5]	1,846	1,200	1,846	1,200
Share issuance expenses	–	(1,719)	–	(1,719)
End of financial year	322,947	97,819	322,947	247,410

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

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

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

(2) This represents the fair value of consideration transferred in relation to the Acquisition at completion date of Acquisition (Note 37 (ii)). The purchase consideration of Acquisition is determined using the fair value of the issued equity of the Company before the Acquisition, being 109,698,000 Consolidated Shares at $0.70 per share which represents the fair value of the Company being quoted and traded price of the shares at 19 August 2014, i.e. the close of trading, before the Acquisition.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30. Other reserves

		Group		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	Composition:				
	Share option reserve	–	–	–	–
	Surplus reserve	1,945	1,945	–	–
	Other reserve	22,063	–	–	–
	Currency translation reserve	93	627	–	–
	Retained profits	84,761	70,984	(44,440)	(48,995)
		108,862	73,556	(44,440)	(48,995)
(b)	Movements:				
	(i) Share option reserve				
	Beginning of financial year	–	–	–	216
	Employee share option scheme – Share options forfeited/lapsed	–	–	–	(216)
	End of financial year	–	–	–	–
	(ii) Surplus reserve				
	General reserve fund	1,945	1,297	–	–
	Enterprise expansion fund	-	648	–	–
	Beginning and end of financial year	1,945	1,945	–	–
	(iii) Other reserve				
	Beginning of financial year	–	–	–	–
	Disposal of a subsidiary without loss of control	22,063	–	–	–
	End of financial year	22,063	–	–	–
	(iv) Currency translation reserve				
	Beginning of financial year	627	(2,671)	–	–
	Net currency translation differences of financial statements of foreign subsidiaries	(534)	3,298	–	–
	End of financial year	93	627	–	–
	(v) Retained profits				
	Beginning of financial year	70,984	57,965	(48,995)	(30,861)
	Net profit/(loss)	13,210	13,019	4,555	(18,353)
	Strike off of a subsidiary	567	–	–	–
	Transfer arising from share options forfeited/ lapsed	–	–	–	216
	Unclaimed dividends	–	–	–	3
	End of financial year	84,761	70,984	(44,440)	(48,995)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30. Other reserves (continued)

Surplus reserve comprises:

(i) General reserve fund

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

(ii) Enterprise expansion fund

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

31. Dividends

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

	Group	
	2015	**2014**
	$'000	**$'000**
Dividends	300	449

In 2015, a subsidiary in China declared dividends of $300,000 (2014: $449,000) to Beijing Bowei Airport Support Ltd., the non-controlling interest of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

32. Commitments

Operating lease commitments

Operating lease commitments - where the Group is a lessee

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Within one year	1,855	2,229	732	877
Between one and two years	1,082	1,679	591	803
Between two and three years	957	1,172	589	709
More than three years	13,378	16,404	10,835	13,710
	17,272	21,484	12,747	16,099

Operating lease commitments - where the Group is a lessor

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

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Not later than one year	4,796	2,936	3,043	2,936
Between one and five years	10,817	6,685	3,804	6,685
Later than five years	9,166	–	–	–
	24,779	9,621	6,847	9,621

Capital commitments

	Group	
	2015 $'000	2014 $'000
Construction of new factory premises		
Approved by directors and contracted for	23,949	21,682
Approved by directors and not contracted for	29,996	82,930
	53,945	104,612

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management

Financial risk factors

The Group has exposure to the following risks from its use of financial instrument:

- Market risk
- Credit risk
- Liquidity risk

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

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

(a) Market risk

(i) Currency risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD $'000	USD $'000	RMB $'000	EUR $'000	Other $'000	Total $'000
At 31 December 2015						
Financial assets						
Cash and cash equivalents	4,834	9,944	15,399	1,061	2,399	33,637
Trade and other receivables	6,087	29,531	135,101	15,223	12,081	198,023
Receivables from subsidiaries	3,768	41,231	–	–	5,809	50,808
Loans to subsidiaries	–	–	–	–	5,634	5,634
	14,689	80,706	150,500	16,284	25,923	288,102
Financial liabilities						
Borrowings	–	(8,512)	(12,769)	–	–	(21,281)
Payables to subsidiaries	(6,647)	(4,696)	–	–	(290)	(11,633)
Trade and other payables	(7,796)	(20,100)	(171,337)	(166)	(2,216)	(201,615)
	(14,443)	(33,308)	(184,106)	(166)	(2,506)	(234,529)
Less: Currency forwards	–	–	–	–	–	–
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	47,398	–	16,118	23,417	86,933

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD $'000	USD $'000	RMB $'000	EUR $'000	Other $'000	Total $'000
At 31 December 2015						
Financial assets						
Cash and cash equivalents	4,265	2,762	–	2	1,538	8,567
Trade and other receivables	10,296	41,700	933	52	6,539	59,520
	14,561	44,462	933	54	8,077	68,087
Financial liabilities						
Borrowings	–	(8,512)	–	–	–	(8,512)
Trade and other payables	(13,918)	(5,447)	–	(91)	(1,621)	(21,077)
	(13,918)	(13,959)	–	(91)	(1,621)	(29,589)
Currency exposure of financial asset/(liabilities) net of those denominated in the respective entities' functional currencies	–	30,503	933	(37)	6,456	37,855

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD $'000	USD $'000	RMB $'000	EUR $'000	Other $'000	Total $'000
At 31 December 2014						
Financial assets						
Cash and cash equivalents	5,051	313	–	–	2,157	7,521
Trade and other receivables	14,914	24,038	970	15	8,012	47,949
	19,965	24,351	970	15	10,169	55,470
Financial liabilities						
Borrowings	(52,139)	–	–	–	–	(52,139)
Trade and other payables	(24,463)	(4,345)	(430)	(75)	(2,128)	(31,441)
	(76,602)	(4,345)	(430)	(75)	(2,128)	(83,580)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	–	20,006	540	(60)	8,041	28,527

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD and RMB change against the SGD by 5% (2014: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	(Decrease)/Increase	
	2015 Net profit $'000	2014 Net profit $'000
Group		
USD against SGD		
– Strengthened	(2,370)	(2,033)
– Weakened	2,370	2,033
EUR against SGD		
– Strengthened	(806)	(541)
– Weakened	806	541
Company		
USD against SGD		
– Strengthened	(1,525)	(1,000)
– Weakened	1,525	1,000

(b) Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(b) Credit risk (continued)

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

The trade receivables of the Group and of the Company comprise 17 debtors (2014: 19 debtors) and 2 debtors (2014: 2 debtors) respectively that individually represented 1% - 7% of the trade receivables.

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

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	3,830	8,579	3,056	8,134
People's Republic of China	141,749	118,054	28,164	14,433
Brazil	6,757	6,930	–	–
Malaysia	527	653	2,827	1,961
United Arab Emirates	7,638	2,603	1,644	2,317
India	5,543	3,378	7,479	8,127
United States of America	5,158	4,392	13,696	10,941
Other countries	15,882	26,623	2,472	1,718
	187,084	171,212	59,338	47,631

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(b) Credit risk (continued)

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

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Past due < 1 year	61,058	18,515	4,112	4,385
Past due 1 - 2 years	4,197	4,552	2,436	1,386
Past due > 2 years	1,364	2,685	1,023	2,382
	66,619	25,752	7,571	8,153

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

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Past due < 1 year	11,538	14,890	1,986	2,878
Past due 1 - 2 years	841	4,145	1,050	841
Past due > 2 years	7,865	8,167	2,382	1,092
	20,244	27,202	5,418	4,811
Allowance for impairment	(11,909)	(10,190)	(1,921)	(1,532)
	8,335	17,012	3,497	3,279

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Beginning of financial year	10,190	6,077	1,532	777
Acquired from reverse acquisition (Note 37(ii))	–	881	–	–
Currency translation difference	57	322	–	–
Allowance made	1,662	3,014	389	755
Allowance utilised	–	(104)	–	–
End of financial year	11,909	10,190	1,921	1,532

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities (Note 26 (b)) and the ability to close out market positions at a short notice. At the end of the reporting period, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 13.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facilities (Note 26 (b)) and cash and cash equivalents (Note 13) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	$'000	$'000	$'000	$'000
Group				
At 31 December 2015				
Trade and other payables	(198,876)	–	–	–
Borrowings	(20,533)	(1,472)	–	–
At 31 December 2014				
Trade and other payables	(171,652)	–	–	–
Borrowings	(93,655)	–	–	-
Company				
At 31 December 2015				
Trade and other payables	(21,077)	–	–	–
Borrowings	(8,531)	–	–	–
At 31 December 2014				
Trade and other payables	(31,441)	–	–	–
Borrowings	(52,682)	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

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

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net debt	189,259	212,411	21,022	76,059
Total equity	206,681	173,176	202,970	198,415
Total capital	395,940	385,587	223,992	274,474
Gearing ratio	47.8%	55.1%	9.4%	27.7%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

(e) Fair value measurements

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

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

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2015				
Assets				
Derivative financial instruments	–	(442)	–	(442)
Equity securities designated at fair value through profit or loss	106	–	–	106
Total assets	106	(442)	–	(336)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(e) Fair value measurements (continued)

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

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

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

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

(f) Financial instruments by category

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Loans and receivables	187,084	171,212	59,338	47,631
Other financial assets	106	118	–	–
Other financial liabilities	442	–	–	–
Financial liabilities at amortised cost	21,281	91,914	8,512	52,139

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

(g) Offsetting financial assets and financial liabilities

(i) Financial assets

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

	Related amounts set off in the statement of financial position		
	Gross amounts - financial assets	Gross amounts - financial liabilities	Net amounts - financial assets presented in statement of position
	(a)	(b)	(c) = (a)-(b)
	$'000	$'000	$'000
At 31 December 2015			
Amounts due from subsidiaries, trade	3,589	(1,216)	2,373
Total	3,589	(1,216)	2,373
At 31 December 2014			
Amounts due from subsidiaries, trade	3,644	(2,118)	1,526
Total	3,644	(2,118)	1,526

(ii) Financial liabilities

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

	Related amounts set off in the statement of financial position		
	Gross amounts - financial assets	Gross amounts - financial liabilities	Net amounts - financial liabilities presented in statement of position
	(a)	(b)	(c) = (a)-(b)
	$'000	$'000	$'000
At 31 December 2015			
Amounts due to subsidiaries, trade	1,216	(1,216)	–
Total	1,216	(1,216)	–
At 31 December 2014			
Amounts due to subsidiaries, trade	2,118	(2,118)	–
Total	2,118	(2,118)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Financial risk management (continued)

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

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

34. Immediate, penultimate and ultimate holding corporations

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

35. Related party transactions

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

(a) Other related party transactions

	Group	
	2015	2014
	$'000	$'000
Sales of goods and/or services to		
– Related companies under common control of the ultimate holding company	8,838	3,275
– Non-controlling interest of subsidiary	–	629
	8,838	3,904
Purchase of goods and /or services		
– Related companies under common control of the ultimate holding company	20,125	1,584

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

35. Related party transactions (continued)

(a) Other related party transactions (continued)

	Group	
	2015	2014
	$'000	$'000
Interest expense		
– Ultimate holding company	667	283
– Related companies under common control of the ultimate holding company	1,180	707
	1,847	990
Lease expense		
– Related companies under common control of the ultimate holding company	116	1,100
– Related company under common control of the equity holder with significant influence in the ultimate holding company	373	326
	489	1,426
Interest income		
– Ultimate holding company	189	235

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

Outstanding balances at 31 December 2015, arising from sale/purchase of goods and services, are unsecured, interest free and receivable/payable on demand and are disclosed in Notes 14 and 25 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2015	2014
	$'000	$'000
Wages and salaries	1,639	1,366
Employer's contribution to defined contribution plans, including Central Provident Fund	81	14
	1,720	1,380

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

36. Segment information

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

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

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

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

The Group had the service rendered reportable segment in previous year, for the provision of after-sales services with comprehensive and maintenance services. The financial information of this segment has been split into the above three reportable segments based on the economic characteristics. The previous year service rendered reportable segment information had been restated accordingly.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

36. Segment information (continued)

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

	Passenger boarding bridge and automated parking system $'000	Logistic system business $'000	Ground support equipment $'000	Reconciliations - eliminations of inter-segment revenue and balances $'000	Total $'000
2015					
Revenue					
External revenue	192,770	121,454	27,111	–	341,335
Inter-segment revenue	–	–	–	–	–
Total revenue	192,770	121,454	27,111	–	341,335
Profit or loss					
Interest income	76	242	80	–	398
Depreciation	1,125	3,760	484	–	5,369
Amortisation	1,088	220	43	–	1,351
Finance expense	2,098	855	20	–	2,973
Reportable segment profit before income tax	20,689	754	409	–	21,852

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

36. Segment information (continued)

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

	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Reconciliations - eliminations of inter-segment revenue and balances	Total
	$'000	$'000	$'000	$'000	$'000
2015					
Assets					
Reportable segment assets					
– Trade receivables	105,870	60,422	10,587	–	176,879
– Inventories	33,211	7,535	7,025	–	47,771
– Contract work-in-progress	–	17,363	–	–	17,363
– Goodwill	–	21,681	404	–	22,085
– Operating rights for automated parking system	13,240	–	–	–	13,240
– Unallocated					229,000
Total					506,338
Segment assets includes:					
– Additions to property, plant and equipment					53,414
– Additions to intangible assets					12,247
Liabilities					
Reportable segment liabilities					
– Other payables	33,268	4,229	1,887	–	39,384
– Provisions	9,902	5,282	2,080	–	17,264
– Excess of progress billing over contract work-in-progress	–	5,602	–	–	5,602
– Unallocated					198,133
Total					260,383

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

36. Segment information (continued)

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

	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Reconciliations - eliminations of inter-segment revenue and balances	Total
	$'000	$'000	$'000	$'000	$'000
2014					
Revenue					
External revenue	153,917	66,115	20,549	–	240,581
Inter-segment revenue	–	381	–	(381)	–
Total revenue	153,917	66,496	20,549	(381)	240,581
Profit or loss					
Interest income	96	428	11	–	535
Depreciation	448	1,463	71	–	1,982
Amortisation	290	53	34	–	377
Finance expense	511	595	60	–	1,166
Reportable segment profit/ (loss) before income tax	17,933	(3,843)	2,613	–	16,703

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

36. Segment information (continued)

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

	Passenger boarding bridge and automated parking system	Logistic system business	Ground support equipment	Reconciliations - eliminations of inter-segment revenue and balances	Total
	$'000	$'000	$'000	$'000	$'000
2014					
Assets					
Reportable segment assets					
– Trade receivables	103,684	48,108	11,118	–	162,910
– Inventories	41,610	3,144	4,497	–	49,251
– Contract work-in-progress	–	24,510	–	–	24,510
– Goodwill	–	23,261	401	–	23,662
– Unallocated					210,613
Total					470,946
Segment assets includes:					
– Additions to property, plant and equipment	13,554	199	–	–	13,753
– Additions to intangible assets	–	23,261	–	–	23,261
Liabilities					
Reportable segment liabilities					
– Other payables	31,231	3,127	2,415	–	36,773
– Provisions	9,353	4,192	1,323	–	14,868
– Excess of progress billing over contract work-in-progress	–	5,483	–	–	5,483
– Unallocated					240,646
Total					297,770

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

36. Segment information (continued)

(a) Reconciliations

(i) Segment assets

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

	2015 $'000	2014 $'000
Segment assets for reportable segments	277,338	260,310
Other segment assets	–	23
Unallocated:		
Cash and cash equivalents	33,637	51,155
Other receivables	21,144	26,104
Property, plant and equipment	109,098	102,554
Other intangible assets	510	2,507
Investment properties	40,748	–
Land use rights	15,281	14,331
Others	8,582	13,962
	506,338	470,946

(ii) Segment liabilities

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

	2015 $'000	2014 $'000
Segment liabilities for reportable segments	62,250	57,039
Other segment liabilities	–	85
Unallocated:		
Trade and other payables	159,492	134,879
Borrowings	21,281	91,914
Provision for taxation	4,472	4,840
Deferred income tax liabilities	219	249
Deferred income	9,488	8,764
Others	3,181	–
	260,383	297,770

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

36. Segment information (continued)

(b) Geographical segments

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

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

	2015 $'000	2014 $'000
Revenue		
Singapore	17,120	7,882
Middle East	3,140	–
People's Republic of China	291,322	217,150
India	191	57
France	4,432	–
United States of America	25,130	15,492
	341,335	240,581
Non-current assets *		
Singapore	55,903	58,812
Malaysia	–	3,941
United Arab Emirates	32	8
People's Republic of China	122,887	56,597
India	1	1
France	26	–
United States of America	100	105
	178,949	119,464

* Excludes deferred tax assets and goodwill.

Major customer

Revenue from one customer of the Group's passenger boarding bridge and automated parking system segment represents approximately 13% (2014: 8%) of the Group's total revenues.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. Effects of the Acquisition

(i) 2015 Acquisition

In November 2015, the Company completed the acquisition of CIMC Air Marrel SAS.

(a) Identifiable assets acquired and liabilities assumed of CIMC Air Marrel SAS:

	2015 At fair value $'000
Total purchase consideration	2,330

(b) Identifiable assets acquired and liabilities assumed of CIMC Air Marrel SAS:

	2015 At fair value $'000
Cash and cash equivalents	937
Trade and other receivables	2,856
Inventories	5,399
Property, plant and equipment (Note 19)	35
Deferred income tax assets	245
	9,472
Trade and other payables	(6,388)
Provisions	(429)
Total identifiable net assets	2,655
Less: the excess of total identifiable net assets over the consideration (Note 6)	(325)
Consideration transferred for the business	2,330

(c) Effect on cash flows of the Group

Cash paid (as above)	2,330
Less: Cash and cash equivalents in subsidiary acquired	(937)
Cash outflow on acquisition	**1,393**

(d) Acquisition related cost

Acquisition related cost of $15,000 are included in the other operating expenses in the consolidated income statement and operating cash flows in the consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. Effects of the Acquisition (continued)

(i) 2015 Acquisition (continued)

(e) Revenue and profit contribution

The acquired group contributed revenue of $4,432,000 and net profit of $574,000 to the Group for the period from 1 November 2015 to 31 December 2015.

Had the Group been consolidated from 1 January 2015, consolidated revenue and consolidated profit for the financial year ended 31 December 2015 would have been $14,907,000 and $271,000 respectively.

(ii) 2014 Acquisition

Background of the acquisition is included in Note 2.

(a) Purchase consideration

	2014 At fair value $'000
Fair value of purchase consideration transferred at completion date	41,498
Contingent Consideration (Note (e))	35,290
Total purchase consideration	76,788

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. Effects of the Acquisition (continued)

(ii) 2014 Acquisition (continued)

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

	2014 At fair value $'000
Cash and cash equivalents	20,491
Cash and deposit pledged	2,212
Trade and other receivables	30,386
Allowance for doubtful receivables	(881)
Inventories	2,430
Property, plant and equipment (Note 19)	65,779
Other financial assets	145
Contract work-in-progress	15,205
	135,767
Trade and other payables	(22,321)
Excess of progress billing over contract work-in-progress	(4,190)
Borrowings	(52,345)
Provisions (Note 27)	(3,129)
Deferred income tax liabilities	(255)
	(82,240)
Total identifiable net assets	53,527
Add:	
Goodwill (Note 21)	23,261
Consideration transferred for the business	76,788

In April 2015, the Company entered into an agreement with one of its supplier to reduce the payable amount by $1,580,000, which adjusted the goodwill amount from $23,261,000 to $21,681,000.

(c) Effect on cash flows of the Group

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37. Effects of the Acquisition (continued)

(ii) 2014 Acquisition (continued)

(d) Acquisition related cost

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

(e) Contingent Consideration

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

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

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

(g) Revenue and profit contribution

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

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

38. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 and which the Group has not early adopted:

- FRS 16 *Property plant and equipment* and FRS 38 *Intangible assets* (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

38. New or revised accounting standards and interpretations (continued)

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2016)

  This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

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

- FRS 110 *Consolidated financial statements* and FRS 28 *Investments in associates and joint ventures* (effective for annual periods beginning on or after 1 January 2016*)

  These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

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

  **(In August 2015, the IASB has published an Exposure Draft to propose deferring the effective date of the amendment indefinitely. Earlier application of the amendment continues to be permitted. No deferral has been made for similar amendment to FRS 110 and FRS 28 as at 31 October 2015).*

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

  The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

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

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2017*)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

38. New or revised accounting standards and interpretations (continued)

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2017*) (continued)

  – Step 1: Identify the contract(s) with a customer
  – Step 2: Identify the performance obligations in the contract
  – Step 3: Determine the transaction price
  – Step 4: Allocate the transaction price to the performance obligations in the contract
  – Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

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

  **(The effective date of IFRS 15 Revenue from contracts with customers has been deferred from 1 January 2017 to 1 January 2018. No such deferral has been made for FRS 115 Revenue from contracts with customers as at 31 October 2015).*

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

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

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

STATISTICS OF SHAREHOLDINGS

As at 21 March 2016

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

DISTRIBUTION OF SHAREHOLDINGS

(As recorded in the Register of Members and Depository Register as of 21 March 2016)

Size of shareholdings	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
1 – 99	226	7.52%	6,244	0.01%
100 – 1,000	472	15.71%	315,001	0.10%
1,001 – 10,000	1,682	55.95%	6,988,021	2.16%
10,001 – 1,000,000	604	20.09%	30,727,787	9.51%
1,000,001 and above	22	0.73%	284,910,099	88.22%
GRAND TOTAL	**3,006**	**100.00%**	**322,947,152**	**100.00%**

LIST OF TOP 20 SHAREHOLDERS

No.	Name	No of Shares	Percentage
1	SHARP VISION HOLDINGS LIMITED	165,722,139	51.32%
2	SHENZHEN TGM LTD	63,185,137	19.57%
3	CITIBANK NOMS S'PORE PTE LTD	11,259,300	3.49%
4	DBSN SERVICES PTE LTD	5,900,000	1.83%
5	HONG LEONG FINANCE NOMINEES PL	5,489,200	1.70%
6	LEONG HUAT (INVESTMENT)	3,943,600	1.22%
7	UOB NOMINEES (2006) PTE LTD	3,500,000	1.08%
8	RAFFLES NOMINEES (PTE) LTD	3,155,024	0.98%
9	MAYBANK KIM ENG SECS PTE LTD	3,138,465	0.97%
10	BANK OF S'PORE NOMS PTE LTD	2,766,880	0.86%
11	CHAN MEI LIN PEARLY	2,408,000	0.75%
12	PHILLIP SECURITIES PTE LTD	2,133,944	0.66%
13	UOB KAY HIAN PTE LTD	1,483,700	0.46%
14	ABN AMRO CLEARING BANK N.V.	1,482,700	0.46%
15	UNITED OVERSEAS BANK NOMINEES	1,478,182	0.46%
16	HSBC (SINGAPORE) NOMS PTE LTD	1,436,600	0.44%
17	LOW KOK HUA	1,409,632	0.44%
18	SOON KONG ANN	1,360,000	0.42%
19	DBS NOMINEES PTE LTD	1,277,408	0.40%
20	CHEONG LOO KHENG	1,240,000	0.38%
	Total:	**283,769,911**	**87.89%**

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

STATISTICS OF SHAREHOLDINGS

As at 21 March 2016

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as of 21 March 2016)

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

Notes:

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

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

COMPLIANCE WITH RULE 723 OF THE CATALIST RULES

Based on the information available to the Company as at 21 March 2016, approximately 27.23% of the issued ordinary shares of the Company are held by the public, and therefore, Rule 723 of the Catalist Rules which requires that at least 10% of the ordinary shares of the Company be at all times held by the public, is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Pteris Global Limited (the "**Company**") will be held at 28 Quality Road, Singapore 618828, on 25 April 2016, Monday at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

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

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

2. To approve a final one-tier tax-exempt dividend of 1.00 Singapore cent per ordinary share in respect of the financial year ended 31 December 2015. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$168,079 (2014: S$298,219) for the financial year ended 31 December 2015. **(Resolution 3)**

4. To re-elect Dr. Soon Kong Ann who is retiring under Article 109 of the Company's Constitution, as a Director of the Company. **(Resolution 4)**

   Dr. Soon Kong Ann is an Independent Director of the Company. Resolution 4, as set out above, if passed, will re-elect him as a Director of the Company. Detailed information on Dr. Soon Kong Ann can be found under the section entitled "Board of Directors" of the Company's Annual Report 2015.

5. To re-elect Mr. Zheng Zuhua who is retiring under Article 109 of the Company's Constitution, as a Director of the Company. **(Resolution 5)**

   Mr. Zheng Zuhua is an Executive Director of the Company. Resolution 5, as set out above, if passed, will re-elect him as a Director of the Company. Detailed information on Mr. Zheng Zuhua can be found under the section entitled "Board of Directors" of the Company's Annual Report 2015.

6. To re-elect Mr. Lee Dah Khang who is retiring under Article 116 of the Company's Constitution, as a Director of the Company. **(Resolution 6)**

   Mr. Lee Dah Khang is an Independent Director of the Company. Resolution 6, as set out above, if passed, will re-elect him as a Director of the Company. Detailed information on Mr. Lee Dah Khang can be found under the section entitled "Board of Directors" of the Company's Annual Report 2015.

7. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company until the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 7)**

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 allot and issue shares

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

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

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that may or would require shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

provided always that:

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

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the total issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

(Resolution 8)
(See Explanatory Note 1)

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

"That:

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

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

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

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

(Resolution 9)
(See Explanatory Note 2)

ANY OTHER BUSINESS

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

NOTICE IS ALSO HEREBY GIVEN that subject to shareholders' approval at the forthcoming annual general meeting of the Company to be convened on 25 April 2016 for the payment of a final one-tier tax-exempt dividend of 1.00 Singapore cent per ordinary share in respect of the financial year ended 31 December 2015, the Share Transfer Books and the Register of Members of Pteris Global Limited (the "**Company**") will be closed from 5.00 p.m. on 3 May 2016, for the purpose of determining the shareholders' entitlements to the said final dividend.

Duly completed registrable transfers in respect of shares in the Company received by the close of business at 5.00 p.m. on 3 May 2016 by the Company's Share Registrar, KCK CorpServe Pte Ltd (333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721), will be registered to determine shareholders' entitlements to such dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 3 May 2016 will be entitled to such dividend.

The Dividend will be paid on or about 10 May 2016.

NOTICE OF ANNUAL GENERAL MEETING

By Order of The Board

Ong Beng Hong/Tan Swee Gek
Company Secretaries

Singapore
8 April 2016

Explanatory Notes

1. The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, or convertible securities and to issue shares pursuant to such convertible securities, up to a number not exceeding, in aggregate, one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to fifty per cent (50%) of the total number of issued Shares may be issued other than on a pro-rata basis to existing shareholders of the Company.

   For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution 8 is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution 8 is passed and any subsequent consolidation or subdivision of shares.

2. Ordinary Resolution 9 proposed under item 9 above relates to the renewal of a mandate originally given by shareholders to the Company on 23 July 2014, allowing the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into transactions with interested persons as defined in Chapter 9 of the Catalist Rules. Please refer to the Appendix dated 8 April 2016 for details.

Notes:

1. Save for a member who is a relevant intermediary as defined in Note 2, a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member.

2. 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.

NOTICE OF ANNUAL GENERAL MEETING

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

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

PERSONAL DATA PRIVACY:

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

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this notice.

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Soo Hsin Yu, Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 68546160.

This page has been intentionally left blank

This page has been intentionally left blank

PTERIS GLOBAL LIMITED

PROXY FORM

Registration No. 197900230M

IMPORTANT:

1. For investors who have used their CPF monies to purchase Pteris Global Limited shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

of _____ (Address)

being a member/members of the above mentioned Company, hereby appoint

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

and/or (delete as appropriate)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Annual General Meeting to be held at 28 Quality Road, Singapore 618828 on 25 April 2016, Monday at 10.00am and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they think fit, as he/they will on any other matter arising at the Annual General Meeting.)

	Resolutions	For	Against
	Ordinary Business		
1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2015 together with the Directors' Statement and Auditors' Report thereon.		
2	To approve the payment of a final one-tier tax-exempt dividend of 1.00 Singapore cent per ordinary share in respect of the financial year ended 31 December 2015.		
3	To approve the payment of Directors' fees of S$168,079 (2014: S$298,219) for the financial year ended 31 December 2015.		
4	To re-elect Dr. Soon Kong Ann, who is retiring under Article 109 of the Company's Constitution, as a Director of the Company.		
5	To re-elect Mr. Zheng Zuhua, who is retiring under Article 109 of the Company's Constitution, as a Director of the Company.		
6	To re-elect Mr. Lee Dah Khang who is retiring under Article 116 of the Company's Constitution, as a Director of the Company.		
7	To re-appoint PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
8	To approve the authority to allot and issue shares.		
9	To approve the Proposed Renewal of the IPT Mandate on Interested Person Transactions.		

Dated this _____ day of _____ 2016.

Total Number of Shares Held

_____

Signature(s) of Member(s) or Common Seal

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. Save for a member who is a relevant intermediary as defined in Note 3, a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.

3. 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.

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

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 28 Quality Road, Singapore 618828, not less than 48 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

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

8. 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 Annual General Meeting, as certified by the Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

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

CORPORATE INFORMATION

Board of Directors

Dr Li Yinhui
Non-Executive Chairman

Mr Zheng Zuhua
Executive Director and
Group Chief Executive Officer

Mr Yu Yuqun
Non-Executive Director

Ms Zeng Beihua
Non-Executive Director

Dr Soon Kong Ann
Independent Director

Mr Lee Dah Khang
Independent Director

Audit & Risk Committee

Mr Lee Dah Khang
Chairman

Dr Soon Kong Ann

Mr Yu Yuqun

Nomination & Remuneration Committee

Dr Soon Kong Ann
Chairman

Mr Lee Dah Khang

Mr Zheng Zuhua

Company Secretary

Ms Tan Swee Gek

Ms Ong Beng Hong

Auditors

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

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

Share Registrar

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

Principal Bankers

Australia and New Zealand
Banking Group Limited
Bank of China
United Overseas Bank Limited

Registered Office

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

Company Registration Number

197900230M

Continuing Sponsor

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



PTERIS GLOBAL LIMITED

28 Quality Road
Singapore 618828
Tel : (65) 6861 2828
Fax : (65) 6266 5516

www.pterisglobal.com