40 YEARS 周年

ANNUAL REPORT 2015

環 球 石 油 常 年 报 告

AP Oil International Limited

CONTENTS
目录

Vision Statement

To be a reputable global leader in the lubricant and speciality chemical industry, delivering world class quality products and services to meet ever changing market requirements.

愿景

成为一家声誉卓越的国际性润滑油与特殊化工制造商，为日新月异的市场提供世界级的优质产品与服务。

The infinity icon of the logo symbolizes a world of unlimited possibilities. This reflects our philosophy of "All Possibilities" (AP), our aspiration to create and explore endless business opportunities in the oil industry and beyond. Marine blue signifies resources and strength. The evolving shades of blue, conveying dynamism and mobility, depicts our creative energy and progressive spirit in pursuit of growth in the ever changing world. The green element underscores our commitments to environmental friendliness and corporate social responsibility.

公司标志的双环图像代表无穷大的境界，无限的机遇。我们会在石油化工及集团经营的其他领域不断寻找无限商机，为争取优越表现而不懈地努力。海蓝色象征才智与资源。色调递变，青出于蓝，更甚于蓝，那是日新月异世界中力争上游创新进取的精神。青绿色是和谐与融洽的涵意，表示我们对环保与履行企业社会责任的承诺。

All Possibilities

The Possibility of PEOPLE

Behind our AP Oil brand is our heartware - the individuals who set wheels in motion. From the management, staff, stakeholders to partners, they are ambassadors representing the human spirit of our AP Oil brand. Empowered in spirit, body and mind, believing that the power of human energy has no boundaries makes all things possible.

The Possibility of PERFORMANCE

The pursuit of optimum performance remains at the heart of our business. Reaching the next level of progress through constant research and development, we believe performance drives us forward in search of achieving the best.

Along with an innovative mindset running seamlessly throughout our organisation, we strive towards providing the best possible performance in sustaining the quality of life.

The Possibility of PARTNERSHIP

AP Oil values the synergy of partnership - collaborating with our partners, friends and industry players, always. Through the mutual exchange of ideas, opinions and perspectives, we believe that all things can be made possible when we work together.

More importantly, in our efforts to provide more efficient energy, we partner the environment to ensure a cleaner environment for all.

勤忠
誠和

我们的企业文化

环球石油1975年成立，2001年挂牌上市。数十年来，公司能够稳健成长，展翅于国际润滑油市场，这与我们的企业文化是息息相关的。

公司以“勤、诚、忠、和”为座右铭。我们细心培植，时时牢记座右铭的意义与深刻内涵，身体力行。

因此，公司上下全体同仁，勤奋努力，力求上进；以诚为本，公平互惠；忠于公司，严守职责；管理层及员工一团和气，同事们群策群力协作无间，与业务伙伴融洽合作，礼待顾客服务周全。

这是我们经营理念。也是环球大家庭成员们的工作态度与承诺。

我们将秉承并发扬这份优良企业文化传统，让环球石油，时时进步，日日成长。

Our Corporate Culture

- Diligence
- Sincerity
- Loyalty
- Harmony

Diligence and devotion have been a hallmark of AP Oil's work forces.

Sincerity and fairness in all our dealings is what we believe in and practise everyday.

Loyalty to the company and commitment to give the best in all our endeavours are traditions we adhere to and take pride in keeping.

Cordial teamwork always exists among all levels of staff members and this spirit of harmony is extended to business partners particularly customers with bona fide bonding, friendly and the best possible service.

This corporate culture, which has been tenderly nurtured from day one, is transcended from the boardroom to the shop floor.

It has stood AP Oil in good stead, enabling us to overcome challenges and to grow in the past decades and emerge as one of the leading lubricant and specialty chemical specialists in the Asia Pacific.

AP OIL – 40 YEARS OF GROWING STORY
环球石油40年发展史

1st Decade: (1975 – 1985)

- 1975 24 December 1975, Mdm Lau Woon Chan and three partners founded Huan Chew Oil Trading as a lubricant distributor with a capital of S$20,000
- 1976 Increased shareholders and the capital to $120,000
- 1976 Focused on importing finished lube from China, mainly motor oils, diesel engine oils and machine oils repackaged and sold in Singapore market. Earthquake in Tangshan, China, in July 1976 had rendered the supply to almost cease for more than a year
- 1980 Increased shareholder and capital to $240,000 ready to buy JTC standard factory in 30 Gul Crescent, Jurong
- 1981 Dr Ho Leng Woon joined the company in August and set up the first lube blending plant in Jurong. This was also the first Singaporean-owned lubricant oil blending plant in the Republic. Launched our proprietary house brand "SIN-O" (which means "Singapore Oil")
- 1982 Started exporting to Malaysia and tolling blending for Sun Oil (USA) SUNOCO lubricants

The first Singaporean owned lube plant in Singapore
环球石油是第一间新加坡本地的润滑油调配厂

- 1983 Initiated "Export-Oriented Marketing Policy" and entered Indonesia and Brunei markets
- 1983 Several original shareholders withdrew in the second half of the year while four new shareholders came on board. Restructured the company with Dr Ho Leng Woon and Mdm Lau Woon Chan holding 75% equity
- 1984 Extended third-party blending for USA brands, UNOCAL and TOP OIL
- 1985 Initiated "Regionalisation policy" to expand markets to Nepal, Bangladesh, Korea and Taiwan

第一个十年（1975 - 1985）

- 1975 1975年12月24日：刘焕珍女士和三位合作伙伴以2万元资本成立了环球石油贸易私人有限公司
- 1976 新股东加入增资至12万元
- 1976 最初五年，公司主要从中国进口车用机油，柴油、机油和机械油分装成罐装在新加坡销售。1976年7月发生在中国唐山大地震使货供几乎中断一年多
- 1980 增资至24万元，预备购买位于裕廊 30 Gul Crescent 的裕廊集团工厂
- 1981 何能恩博士在8月加入公司并在裕廊建立第一个润滑油调配厂。这也是第一个新加坡本国人开设的润滑油调配厂。同年注册成立自己品牌"SIN-O"（意为"新加坡油"）
- 1982 开始向第一个海外市场马来西亚出口自制产品，并为美国太阳油代工"Sunoco"品牌润滑油

The Company's first agent for SINO oils in Malaysia
第一批出口到马来西亚的吉隆坡

- 1983 年初开展"以出口为导向的市场策略"开始进入印度尼西亚和文莱市场
- 1983 下半年公司重组一些旧股东推出，四位新人入股。何能恩博士与刘焕珍女士共拥有公司的75%股权
- 1984 为美国的"UNOCAL"与"TOP OIL"品牌代工生产
- 1985 实行"区域化政策"，扩展市场至尼泊尔，孟加拉，韩国和台湾

2nd Decade: (1986 – 1995)

- 1986 Obtained American Petroleum Institute (API) Licence for SINO lubricating oils
- 1987 Exported to Sudan in Africa
- 1989 - 1991 Set up the Group's first wholly own subsidiary Alpha Pacific Petroleum Pte Ltd. Acquired a wax plant at 18, Pioneer Sector One, Jurong, and turned it into a lube plant with bulk oil storage terminal and a private jetty capable of berthing vessels of up to 3000 mt

第二个十年（1986 -1995）

- 1986 获美国石油学会润滑油品质证书
- 1987 出口到非洲的苏丹
- 1989 - 1991 设立第一个全资子公司太平洋石油私人有限公司。在裕廊18, Pioneer Sector One 收购了一家制蜡厂并在1991年完成改建为润滑油调配厂。此工厂设有散装油库与可以停泊3000公吨船只的私人码头


Alpha Pacific Petroleum with oil terminal & private jetty
全资子公司太平洋石油的工厂油库及私人码头

- 1990 Sold marine oils to Maldives for fishing boats and ferries
- 1991 Entered Vietnam market with "SIN-O" brand
- 1991 Launched proprietary premium brand "AP Lube" (then known as "AP") and also obtained API certification
- 1992 Entered Middle East markets of Yemen and UAE
- 1993 Formed JV "Jin Yen High Grade Lubricant Co" in Taiyen, China. AP Oil was not involved in the management of the JV. The project failed and 28% of equities were sold in 2000
- 1994 Obtain ISO 9002 Quality Management System certification and ISO 14000 certification for two lube plants
- 1995 Expanded successfully new markets in Myanmar and the Philippines. Apart from selling AP and SIN-O lubes, we also sold raw materials for lubricants to national oil companies in these two countries

- 1990 向印度洋马尔代夫销售船用机油
- 1991 以“SIN-O”品牌进军越南市场
- 1991 注册优质品牌“AP Lube”，也争取了美国石油协会的资格证书
- 1992 产品进入中东的也门和阿拉伯联合国
- 1993 在中国太原与当地乡企及燕山石化合资成立“晋燕高级润滑油”公司。环球没有参与合资企业的管理。此项目最终失败，拥有的 28% 的股份于 2000 年卖出
- 1994 两个润滑油工厂都获得ISO 9002质量监管系统证书和 ISO 14000环境系统证书
- 1995 成功进入缅甸和菲律宾市场。除销售“AP”和“SIN-O”润滑油产品外，也同时向这两个国家的国家石油公司销售基础油

Entered Vietnam market with SINO Brand in 1990
SINO 润滑油 1990 年在越南加油站促销

AP Lubricant Exported to Myanmar thru MPPE
AP 润滑油通过官方机构进口到缅甸

3rd Decade: (1996 – 2005)

- 1996 Introduced AP brand into Vietnam and Indonesia, in addition to our SIN-O product ranges
- 1996 Launched first Franchising Programme with support from IE Singapore (then known as TDB) in Bangladesh for SIN-O lubricant with Pacific Oil Co Ltd
- 1997 Toll blending lubricants for Agip (Italy), Nippon Oil (Japan), and additives for Infineum
- 1998 Upgraded ISO 9002 TO ISO 9001 for both plants
- 1999 Set up 80% subsidiary AP Petro Chemical (Vietnam) Ltd and acquired 10 hectares of land in Dong Nai Province, Vietnam. Building of plant, storage terminal and jetty for 15,000 mt vessel completed in 2004
- 1999 Undertook Franchising Programme of SIN-O brand in Vietnam
- 2000 Acquired A.I.M Chemical as a wholly-owned subsidiary and penetrated the specialty chemicals industry to manufacture products for MNCs. A.I.M plant is located at 19, Tractor Road, Jurong

第三个十年（1996 - 2005）

- 1996 除“SIN-O”产品外，也向越南与印尼出口AP品牌润滑油
- 1996 在新加坡国际企业发展局（前贸促局）的支持下，在孟加拉为“SIN-O”润滑油设立特许经营项目
- 1997 为 Agip (意大利)，Nippon Oil (日本)和 Infineum (欧洲)做代工生产
- 1998 两个调配工厂的 ISO 9002 升级为 ISO 9001
- 1999 成立80%子公司 AP 石油化工（越南），在越南同奈省 10 公顷土地上建工厂，油库和码头。建设于 2004 年竣工
- 1999 进行了“SIN-O”品牌的特许经营项目
- 2000 收购 A.I.M 化工成为全资子公司并且进入特殊化学品领域。位于 19, Tractor 路的工厂主要业务为替跨国公司代工

SINO Brand Franchisee in Bangladesh
SINO 品牌在孟加拉的特许经营调配厂

AP Oil acquired A.I.M. in 2000
环球全面收购 A.I.M. 进入特殊化行业

AP Petrochemical (Vietnam) Co Ltd, Vietnam
环球石化（越南）的油库与码头

- 2001 Launched Initial Public Offering (IPO) on 7th June on SGX-SESDAQ. The company changed its name to AP Oil International Ltd while its name in Chinese remained unchanged
- 2002 The total revenue of the Group hit the record of S$100 million
- 2003 Upgraded to the Singapore Exchange (SGX) mainboard
- 2004 Acquired 100% equity of GB Chemicals, another speciality chemical manufacturer. Moved the plant to 18, Pioneer Sector One
- 2005 AP Oil made a loss of S$5.56 million, the first ever business loss in the 30 years history of the company

- 2001 2001 年 6 月 7 日在新加坡证券交易所 SESDAQ 上市。公司英文名改为“AP Oil International Ltd”。中文名未变，简称“环球石油”
- 2002 集团总收入第一次突破1亿元大关
- 2003 从自动报价板晋升至新加坡证券交易所主板
- 2004 收购另一特殊化学品制造商，GB化工私人公司100% 的资产。车间搬到 18, Pioneer Sector One
- 2005 公司亏损 556 万元。这是公司在 30 年经营历史上的第一次亏本

AP Oil Launched IPO on 7 June 2001
环球石油 2001 年 6 月 7 日在新加坡交易所上市

4th Decade: (2006 – 2015)

- 2006 Sold AP Petrochemical (Vietnam) to Vopak for a cash return of S$8.8 million

- 2006 Completed a rebranding exercise with support from IE Singapore, and adopted a new corporate identity and brand image. Our company and products were rebranded under AP (“all possibilities”) and our AP logo was changed to “apoil” with concurrence from API

- 2007 Signed a contract with SINOPEC in January to toll blend their marine lube for the Singapore market and partially re-exported back to China

- 2007 Signed an agreement with Aegean Marine Petroleum S.A., Greece, in October to supply marine lube to their customers’ vessels calling at Singapore and Far East ports

- 2008 Collaborated with Saigon Petro, a state-owned oil company in Vietnam, to form a joint-venture AP Saigon Petro Joint Stock Co. (APSP) in May. APSP acquired the Castrol plant in Ho Chi Minh City. The plant has an oil terminal and a private jetty capable of berthing vessels with a capacity of 25,000 mt

第四个十年（2006- - 2015）

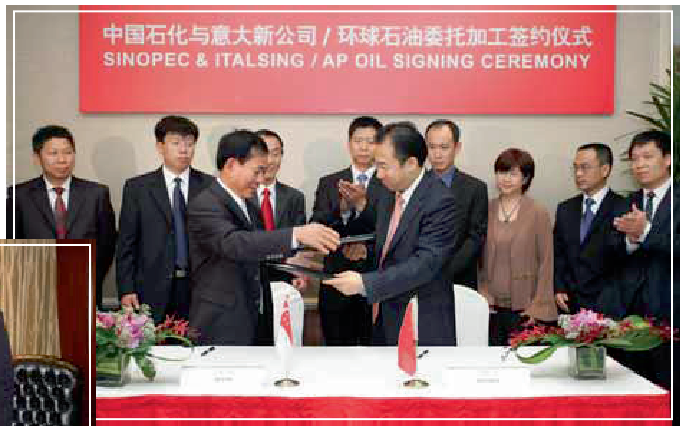
- 2006 以现金收益880万元将AP石油化工（越南）公司连同工厂码头卖给世界最大的液体仓储公司Vopak

- 2006 在新加坡国际企业发展局的帮助下，完成了品牌再造计划，塑立了新的企业和品牌形象。AP被赋予了“无限机遇”（All possibilities）的内涵，同时将商标更改为“apoil”

- 2007 1月与中国石化SINOPEC签署合约，委托我们生产在新加坡市场销售的船用润滑油，其中部分产品也出口至中国

- 2007 10月与希腊Aegean Marine Petroleum S.A.签署合约，为他们的客户在新加坡和远东港口的船只提供船用润滑油

- 2008 在5月与越南国有西贡石油公司（Saigon Petro）共同成立合资企业 “环球西贡石油” AP Saigon Petro Joint Stock co. (APSP)。APSP 之后收购位于胡志明市的嘉实多工厂，此厂拥有油库和可以停靠 25,000 公吨船只的码头



Sinopec / AP Oil Signing Ceremony, in Singapore, 2007
中国石化/环球石油在新加坡签约仪式

Aegean / AP Oil Signing Ceremony, in Athens
爱琴石油/环球石油在雅典签约仪式

- 2009 GB Chemical acquired 38% equity in Systematic Laundry & Uniform Services (SLUS) as a strategic investment, as SLUS also became one of GB Chemical’s major customers

- 2009 Cummins specification approval for apoil diesel engine oils

- 2010 Obtained JASO T903 Certification of Japan Standard engine oil for 4T motorcycles

- 2010 MAN approval of apoil engine oils for trucks & buses

- 2009 GB 化工收购了 Systematic Laundry & Uniform Services (SLUS) 38% 的股权，这一战略性投资使 SLUS 成为 GB 化工的主要客户之一

- 2009 “apoil”柴油发动机油获得康明斯规格许可证

- 2010 获得 JASO T903 日本规格四冲程摩托车机油证书

- 2010 获得卡车和公车机油的 MAN 许可证

- 2011 Daimler MB approval for Mercedes Benz cars using apoil lubricants
- 2012 MTU approval for apoil diesel engine oils
- 2013 Appointed agent for apoil products in New Zealand

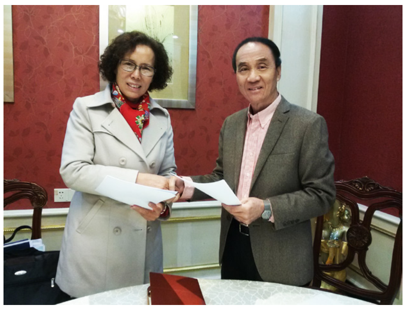
- 2011 获得戴姆勒奔驰的润滑油许可认证
- 2012 获德国 MTU 柴油机油许可证
- 2013 委任“apoil”新西兰总代理

Factory office & R&D Laboratory, APSP, Vietnam
环球西贡工厂办公室与研发中心

APSP Jetty with 25,000mt berth
环球西贡的 2 万 5 千顿泊位码头

- 2014 Signed franchising agreement with Global Oil to blend and market AP's lubricants in Bangladesh
- 2015 Acquired 60% equity of Heptalink Chemicals, a local petrochemical trader in Jan 2015
- 2015 Implemented "Internationalization Programme" targeting China market. Set up wholly-owned subsidiary AP Oil Singapore (Shanghai) Limited in Shanghai, China, with support from IE Singapore in Feb 2015. The Shanghai Office would be the Group's HQ in China
- 2015 Mr Ho Chee Hon was promoted to CEO of the Group in May. Dr Ho Leng Woon remains the Executive Chairman
- 2015 Set up 51% joint-venture AP Oil Singapore (Chongqing) Ltd with New Era Co Ltd in Chongqing, China in Sep 2015
- 2015 In Oct 2015, the apoil brand won the Singapore Prestige Brand Award in two categories – the Established Brand and Regional Brand
- 2015 Renovation was completed for the exterior of the company's headquarters, in commemoration of its 40th anniversary

- 2014 在孟加拉与 Global Oil 签署特许代理经营合约，生产和营销AP润滑油
- 2015 1月收购了本地石化贸易公司 Heptalink 的 60%股份
- 2015 2月推广“国际化”，在新加坡国际企业发展局的资助下，于中国上海成立全资子公司星环润滑油（上海）有限公司。上海公司成为公司在中国的总部
- 2015 5月擢升何其泓先生为集团首席执行官，何能恩博士依然为担任集团执行主席
- 2015 9月与重庆新时代合资51%成立新环润滑油（重庆）有限公司
- 2015 10月“apoil”品牌荣获新加坡两大金字品牌即知名品牌奖和区域品牌奖
- 2015 配合集团 40 周年纪念，公司总部外观完成装修



Signing of JV agreement in Chongqing early 2015
设立重庆联营公司的签约仪式

AP Oil Singapore (Shanghai) Ltd. in Pudong Financial Centre, Citigroup Tower
设在上海浦东金融区的
星环润滑油（上海）有限公司

AP Oil brand clinched 2 Singapore Prestige Brand Awards -
Established Brand & Regional Brand
我们的 AP Oil 品牌获得成名奖与
区域奖两大金字品牌大奖

Chairman's Message
主 席 献 词

Celebrating 4 Decades of Achievement

AP Oil International turned 40 this year. Our company, formerly known as Huan Chew Oil Trading, was founded on 24th December 1975 with a capital of S$20,000 and five staff members.

We have grown from a humble distributor to become a key regional lubricant player today with three manufacturing plants in Singapore and one in Vietnam.

Armed with our very own proprietary brands, apoil and SIN-O, which are backed by R&D and quality assurance, our products have now been marketed to some 20 countries in the Asia Pacific region.

The launch of our IPO on SGX-SESDAQ in June 2001 marked an important milestone in our company's history. Two years later, AP Oil was promoted to the mainboard of Singapore Exchange.

Marking our 40th anniversary, the apoil brand has clinched two Singapore Prestige Brand Awards – Established Brand and Regional Brand.

Never could we have achieved 40 years of business excellence without the hard work and loyal support of each member of the AP family, staff members, customers, business partners, suppliers, shareholders and friends.

Scaling Greater Heights

Going forward, apart from short-term strategies to tackle challenges in the face of the current economic slowdown, the management has also reviewed and charted out medium- and long-term plans in place for the Group.

Our two-pronged strategy – organic growth and M&A – will continue to play an integral role in our future growth. Business expansion, internationally, will be focused on China, Myanmar and Vietnam.

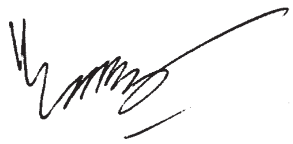
As the executive Chairman, apart from formulating the Group's policy and charting strategic directions, much of my time and effort will be diverted to M&A activities and overseeing new business development in China. Mentoring key executives, inter alia, shall also be part of my duties.

Rooted in our corporate culture, the company, as much as myself, will continue to actively participate in charitable activities and be committed to good corporate social responsibility.

We have also successfully implemented a succession plan by promoting Mr. Ho Chee Hon to CEO of the Group. Armed with a law master, Mr. Ho has served the Group for 10 years. With a new CEO at the helm, I believe he and his team will lead the company to scale to even greater heights.

My fervent wish is that AP Oil, as a socially responsible enterprise, will remain active and prosper in the next 40 years and beyond. We look forward to your continued support in the years ahead.

Best wishes.



Dr Ho Leng Woon
Chairman

Chairman's Message
主 席 献 词

走过四十年

环球石油今年迎来了第40个年头。公司于1975年12月24日成立时只有2万新元的资本和5名员工。

我们从一个小小的经销商，茁壮成长为亚太区域的润滑油及特殊化工制造业领导者之一。现在新加坡设有三间工厂，越南也开设了分厂。

我们拥有自己的品牌“apoil”与“SIN-O”，在研发与品质保证下产品畅销20多个国家与地区。

2001年环球石油在新加坡交易所自动报价板挂牌上市，这无疑是我们公司发展历史上的一个重要里程碑。两年后，公司晋升到交易所主板。

在庆祝公司四十周年纪念之际，我们的“apoil”品牌获得了两项新加坡金字品牌奖，即成名品牌奖和区域品牌奖。

40年的辉煌业绩离不开环球大家庭每一位成员的奉献与努力，以及所有顾客，合作伙伴，供应商，股东及朋友的支持。我们衷心感激。

再创辉煌

面向未来，公司除了推出短期策略与措施以应对当下经济下滑的挑战，我们也会适时调整既定的企业中长期发展计划。

促进有机增长和联营并购，这套双管齐下的战略将继续在公司的发展道路上占据重要地位。接下来我们的国际化重点放在中国，其次是扩大与巩固缅甸和越南的业务发展。

身为执行主席，除了参与厘订集团中长期发展方向与政策外，我将会把更多的精力专注于兼并收购活动以及推动海外子公司与联营企业的发展。此外，培养集团中高层管理人员也将是我的日常工作之一。

秉承我们的企业文化，公司和我本人将会继续积极参与社会公益活动，把企业对社会责任的承担做得更好。

2015年5月，何其泓先生擢升为集团总裁，成功地完成了企业传承计划。拥有律师学位的他在公司已服务了十年。相信在他与团队领导之下，公司将会再创辉煌。

在此，我祈望环球石油作为一个有社会责任感的企业，在将来的40年甚至更长久的日子里能够继续繁荣，同时也热切期望继续得到各位的爱护与鼎力支持。

祝福大家。

何能恩博士
主席

CEO's Message
执 行 总 裁 献 词

Dear Shareholders,

FY2015 proved to be a challenging year for companies in the oil and petrochemical sector. The year saw business models disrupted and companies scrambling to adapt and defend their positions. Indeed juggernauts and blue chip darlings of the industry have spent the year reviewing the sustainability of their business in this environment.

It is against this backdrop of the macro economy that we count ourselves blessed to remain profitable in FY2015.

Group revenue rose 9% to S$85.7million from FY2014 and profit attributable to shareholders dipped from S$4.995 million to S$3.75 million. This was a result of consolidating the accounts of our 60% owned subsidiary company Heptalink Chemicals ("Heptalink") which posted a loss for its first operating year. Heptalink's bulk breaking trading business suffered from the free fall in Brent Crude prices in the second half of FY2015. As a result of unfavourable and volatile market conditions, the management has thus decided to suspend position taking and is reviewing this model of activity.

The rest of the Group's businesses remained healthy and excluding the losses at Heptalink, the Group's net profit would have been comparable to that of FY2014. However, this is not a situation we take for granted.

The Group has been proactively managing the decline in per unit selling prices while managing input costs to maintain a steady bottom line. We will continue to deploy and refine these measures in the coming year amid weak crude prices that rivals year 2008 - both in magnitude and more so in duration.

The unfavourable environment in the industry looks set to continue into FY2016. Global oversupply in crude is likely to keep prices low. This industry weakness coupled with a weaker global economy makes for considerable headwinds in the coming year. While current adverse conditions are a reality, so too will it bring opportunities.

The Group believes in strategic decisions made for the medium to long term benefit. We are continually on the lookout for merger and acquisition opportunities. Where valuations for companies in our industry seemed overpriced a year ago, the current weakness in the environment has the advantage of bringing asking prices down to more realistic levels. The Group hopes to make the most of this hostile environment since we are low to no debt and have stored up enough reserves to make it through a long winter.

Alongside inorganic growth opportunities, we aim to continually grow the competence of the team. As the company grows, systems and processes are introduced and refined. The team must be refreshed and expanded to reinvigorate our businesses and meet the demands of increasing complexity.

These may be lean times for our industry but we can ride it out. The Group has always placed an emphasis on long term growth and we focus our efforts now on planting seeds for the future.

On behalf of the Board of Directors, Management and Staff of the Group, I would like to thank our shareholders, customers, business partners, bankers and suppliers for your steadfast support over the years.

Thank you and we look forward to meeting our shareholders at the coming Annual General Meeting.

CEO's Message
执 行 总 裁 献 词

尊敬的股东：

2015年对于石油化工行业，是极具挑战的一年。这一年我们目睹了不少商业模式的崩塌和许多拼命挣扎求存的公司。在此逆境下，我们幸运地仍保持相当好的盈利。

集团收益比2014年上升9%至8570万新元。净利润由499万新币降到375万元。这是由于我们的子公司Heptalink化工在第一年运作产生的亏损所造成的。2015年下半年原油价格狂跌，Heptalink的散装货贸易也受到了影响，在这种激烈波荡的市场下，管理层已决定调整现有的贸易运营模式。

集团的其他业务都保持健康状态，若无Heptalink的亏损，集团净利润其实与2014年相似。我们也明白，在恶劣的宏观经济下，任何公司的盈利并非理所当然。

原油价格走低，迫使下游石化产品的价格下调，这与2008年的低油价和不景气很有类似之处。我们必须谨慎调整产品的单位售价，同时控制成本以争取继续盈利。

危机中隐藏商机，我们会努力在经济低迷时利用手头上充裕的储备资金以更优惠的价位实行并购活动。

我们相信接下来的短期经营逆境可以克服。集团一向重视中长期发展计划，我们会在经济缓慢时为更长远的将来做耕耘播种的工作。同时我们也会增强各阶层员工的培训，完善集团的管理系统与制度以为下一波的业务繁忙阶段打好更坚实的基础。

在此我谨代表董事会与管理层同仁向全体员工，股东，客户，商业伙伴，银行以及供应商的长期支持致上最真挚的谢意。

我们期待在下一次的股东年会上与您们会面！谢谢各位。

Board of Directors
董 事 部

Dr Ho Leng Woon
何能恩 博士
Chairman
主席

Dr Ho has been Chairman and Managing Director since 1983. He handed over the CEO portfolio to Mr Ho Chee Hon in May 2015 and remain Executive Chairman of the Group. Apart from masterminding the Group's corporate policy, enterprise directions and business planning, he also oversees R&D in AP Oil. Dr Ho is also Chairman of AP Saigon Petro Joint Stock Co Ltd, AP Oil of Singapore (Shanghai) and AP Oil Singapore (Chongqing).

He holds a B. A. (1st Class Hons) Degree from Nanyang University, a PhD (Degree) from the University of Hull, England and a diploma in Management Studies from Graduate School of Business, the University of Chicago. He is a member of the Society of Tribologists and Lubrication Engineers, USA. Before joining the company in 1981, he was bonded by Singapore Government to serve in the Public Utilities Board for 5 years and left as a Senior Hydrologist.

As an active participant in community services and charitable activities for the last three decades, Dr Ho has been on the management board of Anglican High school, The Chinese High School, Hwa Chong Institution and Hwa Chong Intl. School. He also has served as President of St John Brigade (Zone 2) and as Honorary Consul the Republic of Djibouti in Singapore, etc.

何博士2015年5月卸下总裁职位，现任集团执行主席。何博士除了主导集团的政策方针，企业计划外，也负持主导母公司的润滑油研发部。他兼任越南的环球西贡石油联合股份公司以及集团在中国上海与重庆两家子公司的董事长。

1972年从南洋大学（甲等荣誉学位）毕业后，他获新加坡科学局奖学金赴英国赫尔大学考取博士学位。何博士拥有美国芝加哥大学商科研究院管理文凭，也是美国摩擦学及润滑工程师协会的会员。1981年加入集团前，何博士曾在公共事业局水务署服务5年，担任高级水文专家职位。

何博士过去30多年踊跃参与公共及社区服务，尤其在教育与医护方面。历任圣公会中学，华中初级学院，华侨中学及华中国际学校等管委会董事，圣约翰救伤队第2区的主席，善济医社理事及吉布提共和国驻新加坡荣誉领事等等。

Board of Directors
董 事 部

Ms Lau Woon Chan
刘焕珍 女士
Director
执行董事
Member, Remuneration Committee

Mr Chang Kwok Wah
曾觉华 先生
Director
执行董事

Ms Lau is one of the founders of the company (formerly known as Huan Chew Oil Trading Pte Ltd established in 1975). She is responsible for financial management and assists the Chairman in exploring and evaluating new business opportunities and shaping the group's policy and strategy. She also looks after the financial matters of the subsidiary, A.I.M. Chemical Industries Pte Ltd.

She is also on boards of the Group's major subsidiaries namely Alpha Pacific Petroleum (S), GB Chemical, AP Oil Pte Ltd, etc.

Ms Lau graduated from Nanyang University with a Bachelor of Arts Degree. Before joining the company, she worked in private firms and with Banque IndoSuez (Singapore) as a bank officer.

刘女士是公司（前为1975年成立的环球石油贸易私人有限公司）创办人之一是集团的老臣。现任集团主席助理，她督导公司的财务管理，也协助拟定公司政策和探索及评估新商机。她负责全资子公司A.I.M.化工有限公司的财务管理工作。同时也是多间集团主要子公司的董事。

刘女士获南洋大学文学学士学位，创业前曾在法国东方汇理银行（新加坡分行）任职。

Mr Chang was appointed to the Board of AP Oil in 2004 and is taking charge of risk management of the group. He is Managing Director of the group's wholly owned subsidiary, A.I.M. Chemical Industries Pte Ltd. He plays a leading role in business development, sales, finance, production, and general administration for the subsidiary.

He holds a Masters Degree in Business Administration (MBA) from Brunel University, U.K. and is an Associate Member of Chartered Secretaries, Australia.

自2004年开始，曾先生受委为集团的执行董事，负责统筹集团的风险管理与协助评估新业务开拓。他是集团全资子公司A.I.M.化工有限公司的总裁。子公司的管理工作包括业务发展、销售、财务、生产及行政等都由他领导。

曾先生拥有英国布鲁耐尔大学的工商管理学硕士学位。他也是澳大利亚特许秘书的会员。

Board of Directors
董 事 部

Mr Ho Chee Hon
何其泓 先生
Director
执行董事
Group CEO
集团总裁
Member, Audit Committee
Member, Nominating Committee

Mr Ho joined the Group in 2005 and was appointed to the Board in July 2009. He was promoted to Group Deputy CEO in September 2012 and later Group CEO in May 2015. His responsibilities, apart from working with Chairman in overall corporate directions, business policy and strategic planning, include overseeing day-to-day operation of lubricant business.

He is on boards of all the group's subsidiaries and associates, namely AP Oil Pte Ltd, A.I.M. Chemicals, GB Chemicals, Alpha Pacific Dev. Holding, AP (Vietnam) Holding, AP Saigon Petro JSC, Heptalink Chemicals, AP Oil Singapore (Shanghai), AP Oil Singapore (Chongqing), etc.

With a Bachelor of Laws (Honors) from National University of Singapore and also a Master of Laws (Taxation from Washington University in St. Louis, USA), Mr Ho practised as a lawyer with Messrs Rodyk & Davidson before joining the Group.

何先生于2005年加入集团并在2009年被指任为执行董事。之后于2012年9月晋升为集团副总裁，并于2015年5月正式担任集团总裁一职。他除了协助集团规划整体发展方向，企业策划以及策略计划外，也专职负责督导日常润滑油的业务。

同时，何先生也是集团所有子公司与联营企业的董事。这包括环球石油私人有限公司， A.I.M. 化工，GB 化工，Alpha Pacific Dev. Holding，AP（越南）控股，环球西贡石油，Heptalink 化工，星环润滑油（上海），新环润滑油（重庆）等。

何先生是一名专业律师，曾任职于本地著名的瑞德律师楼。他同时拥有新加坡国立大学法律荣誉学和美国圣路易斯华盛顿大学法律硕士(税务法)学位。

Mr Quah Ban Huat
柯万法 先生
Lead Independent Director
主独立董事
Chairman, Audit Committee
Chairman, Remuneration Committee
Member, Nominating Committee

Mr. Quah was appointed as an Independent Director on 1 November 2010. He is currently a consultant at KPMG Services Pte Ltd and sits on the board of several public and private companies. Mr. Quah has held various key finance positions in the past including amongst others, as Regional Business Area Controller at Deutsche Bank, Group Finance Director of the IMC Group, Chief Financial Officer of City Gas Pte Ltd, and Rickmers Trust Management Pte Ltd.

Other than AP Oil International Limited, Mr Quah is a director at Croesus Retail Asset Management Pte. Ltd., Samudera Shipping Line Ltd, mDR Ltd, Deutsche Boerse Asia Holding Pte. Ltd., Eurex Clearing Asia Pte. Ltd. and Primeur Group.

Mr. Quah is a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.

柯先生于2010年11月1日加入集团就任独立董事。他目前是KPMG（毕马威）的顾问，并同时担任几家公共和私人公司的董事职位。在此之前，他曾担任过多个财务总监的职位，如德意志银行区域业务主管，万邦集团财务主管，城市煤气私人有限公司财务主管与瑞克信托管理公司财务主管。

除环球石油有限公司外，柯先生还是Croesus商业资产管理,萨姆达拉船务有限公司，Deutsche Boerse Asia Holding 私人公司，Eurex Clearing Asia 私人公司和Primeur 公司的董事。

柯先生是英格兰及威尔士特许会计师协会的会员，同时也是特许公认会计师公会的资深会员。

Board of Directors
董 事 部

Mr Tan Woon Hum
陈恩涵 先生
Independent Director
独立董事
Chairman, Nominating Committee,
Member, Audit Committee
Member, Remuneration Committee

Mr Tan Woon Hum is our Independent Director and was appointed as Director on 31 Jan 2006. He is currently a partner of Shook Lin & Bok LLP, a Singapore law firm and has been with the firm since December 2003.

He graduated from the National University of Singapore with a LLB (Honours) Degree in 1995 and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1996. Mr Tan obtained his MBA (Finance) from the University of Leicester in 2000. He has been in private legal practice since 1996 and specializes in trust, asset and wealth management. He advises on the establishment of traditional and alternative funds including related licences and exemptions for fund management companies, as well as the establishment and listing of REITS.

陈律师从2006年1月31日起开始担任集团的独立董事。他自2003年12月至今是新加坡旭龄及穆律师楼的合伙人。

陈先生于1995年在新加坡国立大学获得法律学位，1996年任新加坡高庭律师。之后于2000年获得英国莱斯特大学商业金融管理硕士学位。他从1996年起开始从事私人执业律师事务，专长于信托，资产，和财富管理，也为传统和特别基金提供顾问服务，这包括基金的申请、设立、和挂牌上市。

Key Executives of Subsidiaries
子公司主管简介

Mr Chang Kwok Wah
曾觉华 先生
Managing Director
总裁
A.I.M. Chemical Industries Pte Ltd
A.I.M. 化工有限公司

A.I.M. Chemical Industries Pte Ltd was established in 1976. Mr Chang joined service in 1983 and had been Managing Director of the company since 1992. A.I.M. became the Group's wholly-owned subsidiary in 2001, Mr Chang has since continued to serve as Managing Director. He plays a leading role in business development, sales, finance, production, and general administration for the subsidiary.

He holds a Masters Degree in Business Administration from Brunel University, United Kingdom.

A.I.M.化工成立于1976年。曾先生于1983年加入A.I.M.服务，1992年升任董事经理。2001年集团收购A.I.M.成为属下全资子公司，曾先生受委继续担任总裁，负责全公司的领导工作包括业务发展、销售、财务、生产及行政等。

自2003年开始，曾先生也受邀成为集团董事部成员，负责风险与新业务发展评估工作。

曾先生拥有英国布鲁耐尔大学的工商管理学硕士学位。

Mr Alphonsus Chua
蔡福有 先生
Managing Director
总裁
GB Chemicals Pte Ltd
GB 化工有限公司

Mr Chua founded GB Chemicals Pte Ltd in 1996, which was 100% acquired by the group in 2004. He is responsible for the company's overall management, planning and daily business activities. He also oversees the business development and looks after the company's key accounts.

He has over 40 years of experience in the specialty chemical industry. He was Regional Manager for 10 years with Gibson Chemicals, an Australian company.

蔡先生于1996年创立GB化工有限公司。集团在2004年全面收购GB化工，委任蔡先生为总裁。他负责公司的整体管理、规划及日常业务运作，也照料公司的主要客户。

蔡先生在化工业拥有近40年的经验。在创立GB化工之前，他曾经担任为澳大利亚公司Gibson化工的区域经理长达10年。

Key Executives of Subsidiaries
子 公 司 主 管 简 介

Mr Song Koon Poh
宋坤宝 先生
Managing Director
总裁
Heptalink Chemicals Pte. Ltd.
Heptalink 化工私人有限公司

Heptalink Chemicals Pte Ltd was set up by Mr Song in 2011 with two partners to trade bulk petrochemicals, etc.

In January 2015, AP Oil International Ltd acquired 60% equity of Heptalink with other 40% held by Mr Song.

As Managing Director, Mr Song is responsible for overall management and day to day operation of Heptalink. With more than 40 years experience, Mr Song is a veteran in various chemical trading arenas.

Mr Song joined Shell Bukom refinery in 1971 and was transferred to Shell Chemicals in 1984 where he started his career in sales and marketing of hydrocarbons/aromatics solvents and base chemicals. In 1987, he was deployed to develop the markets in SE Asia & India.

He moved to the Glycols business unit in 1989. In 1992, he was appointed styrene monomer product manager covering plant execution, marketing & sales in Asia Pacific & Middle East. Over his 9 years stint in managing the Styrene Monomer unit, his sales team were awarded Shell Chemicals global Champions of Excellence in 3 years' running (1999/2000/2001).

After 32 years of service in Shell, he opted for early retirement in 2003. During 2004-2010, Mr Song represented American trading conglomerate, ICC Chemicals Corpn (NY) for their SE Asian market.

宋坤宝先生于2011年与两位伙伴创立 Heptalink 化工有限公司。公司主要从事化工产品的贸易和批发。

2015年1月，环球石油收购 Heptalink 化工的60%股权，宋先生拥有其余的40%股权。身为 Heptalink 的总裁，宋先生负责主管打理公司及其日常营运。他在化工业贸易界有近40年资深的工作经验。

宋先生于1971年加入壳牌炼油厂。1984年，转到壳牌化工的销售和市场营销部门，参与开发印度和东南亚市场。

1989年，他负责乙二醇业务部，之后担任苯乙烯单位的产品经理。他带领下的销售团队连续三年荣获壳牌化工全球卓越奖冠军。

宋先生为壳牌服务32年，并在2003年选择提早退休。一年后，宋先生被聘为美国贸易集团ICC化工(纽约)公司的代表，负责东南亚市场直至2010年。

Group Financial Highlights
集团财务摘要

Years		FY2015	FY2014
Revenue ($)	收入	85,657,000	78,417,000
Gross profit ($)	毛利	13,580,000	13,699,000
Gross profit margin	%	15.85	17.47
Net profit before tax ($)	税前利润	3,975,000	5,529,000
Net profit before tax margin	%	4.64	7.05
Net profit after tax ($)	税后净利润	3,750,000	4,995,000
Net profit after tax margin	%	4.38	6.37
Total assets ($)	总资产	62,768,000	55,289,000
Total liabilities ($)	总负债	10,870,000	8,943,000
Total equity ($)	权益总额	51,898,000	46,346,000
Earning per share[a] (cents)	每股净利（分）		
- Basic		2.57	3.04
- Diluted		2.57	3.04
Net tangible asset backing per ordinary share[b] (cents)	每股有形资产值（分）	31.49	28.17

Notes on the number of shares:	FY2015	FY2014
a. Weighted average	164,531,172	164,531,172
b. Total number of ordinary shares	164,531,172	164,531,172

Review of Operations
营 运 总 结 报 告

SUBSIDIARIES AND JOINT-VENTURE

Pursuing our growth strategy, we continued to expand our regional footprint and grew our business through M&A. Last year, we acquired a 60% equity interest in Heptalink Chemicals Pte Ltd ("Heptalink") which was in the business of trading and distribution of petrochemicals.

We also strengthened our foothold in China with the establishment of two new subsidiaries in China.

AP Oil Singapore (Shanghai) Limited, a wholly-owned subsidiary, was established in February 2015 with the support of IE Singapore. Located in Shanghai's financial district, it now serves as the Group's Headquarters in China.

A new 51% owned joint-venture - AP Oil Singapore (Chongqing) Limited was set up in September 2015 in Chongqing, China. This joint-venture will focus on developing distribution channels for AP lubricant products in Western China.

子公司以及合资企业

遵循公司的发展策略，我们继续通过合并收购扩大增长。2015年初，我们收购了从事石化贸易的Heptalink 化工私人有限公司的60%股权。

在新加坡国际企业发展局的资助下，全资子公司星环润滑油(上海)有限公司于2015年2月在上海成立。上海分公司将成为集团在中国的总部。

此外，一间新的拥有51%股权的合资企业-即新环润滑油（重庆）有限公司也于2015年9月在重庆成立，重庆子公司将侧重于AP润滑油产品在中国西部的业务发展。

AP Oil HQ after face-lifting in Nov 2015
环球石油总公司外观 2015 年在进行维修

Signing agreement of strategic partnership with Master Zuo in Chongqing.
与重庆左师父签订战略合作合约

PERFORMANCE BY BUSINESS SEGMENT

Manufacturing

Manufacturing activities comprise mainly the blending of lubricating oils and specialty chemicals. This segment continued to be the largest contributor to Group income, accounting for 41.8% or S$35.8 million of total revenue in FY2015. The group runs three lubricant blending plants: two wholly owned in Singapore and a joint venture in Vietnam (AP Saigon Petro), which produce a wide range of lubricants for automotive, industrial and marine applications. Our lubricant products are marketed mainly under the brand name of "apoil" and SIN-O. Specialty chemicals are produced by two of our fully owned subsidiaries namely A.I.M Chemical Industries and GB Chemicals.

Trading

The trading activities cover purchase and sales of raw materials used for lubricants and specialty chemicals manufacturing such as base oils, additives and chemicals.

This segment accounted for 33.9% or S$29.0 million of the Group's revenue in FY2015, compared to 24.7% or S$19.4 million in FY2014. The sales volume increase was mainly due to the contribution of Heptalink.

Franchising

Our franchising programmes, inter alia, cover designs of plant and machinery, the setting up of laboratory, technology transfer, product formulation, staff training and the use of proprietary trademarks. The bulk of revenue came from sales of raw materials to franchisees for producing lubricants under our brand names – AP Oil, SIN-O and Polaris.

Sales from our franchising segment was S$20.8 million compared to S$19.1 million in the previous financial year.

主要业务领域表现

制造业

制造业务是指润滑油和特殊化学品的生产与销售。这项业务仍然是集团主要的收入来源，全年总计3580万元占2015年总收益的41.8%。集团现经营三家润滑油调配工厂，两家在新加坡的全资工厂和一家在越南的合资企业。三家工厂生产润滑油产品供给车辆，工业以及船只用油。我们的润滑油产品主要以"apoil"和 SIN-O 的品牌营销。而特殊化学品则由两家全资子公司，A.I.M化工和GB化工负责生产销售。

贸易活动

贸易活动主要包含润滑油原料基础油和添加剂以及化学原料的买卖。

全年贸易额2900万元占集团总收入的33.9%，和2014年的1,940万元比较增加24.7%。销售增长主要来源于 Heptalink 的石化产品贸易。

特许经营

我们的特许经营项目包括替客户做工厂以及机械装置的设计，设立实验室，技术转移，产品配方，员工培训，以及商标的使用权。大多数的收入来自售卖原料供客户生产apoil，SIN-O和Polaris品牌的润滑油产品在特许经营者所在国销售。

特许经营收入从2014年的1,910万元略增至2,080万元。

PERFORMANCE BY GEOGRAPHICAL MARKETS

We produce and export a full range of lubricants and specialty chemicals to customers in some 20 countries and regions.

Our main markets in FY2015 were Singapore, Vietnam, Bangladesh, Indonesia, Myanmar and the Philippines.

Singapore remained the Group's single largest market, making up about 46% of total Group revenue. Sales from Singapore in FY2015 decreased marginally by 3% to S$39.5 million compared to S$40.5 million in FY2014. This figure included marine lubricants sold to overseas clients but delivered to foreign vessels calling at Singapore port, as well as specialty chemicals sold to Singapore-based multinational companies (MNCs) which were subsequently re-exported to other countries.

Sales to Vietnam, the second largest contributor to Group revenue, weighed in at S$12 million or 14% of the total revenue. This was followed by Bangladesh which clocked in S$9.55 million or 11%.

Myanmar, Indonesia and Philippines in total accounted for 10% or S$8.93 million of the Group's total sales. Other countries made up the balance of 19% or S$15.69 million.

区域市场表现

我们生产的润滑油和特种化工品销往20个国家和地区。2015年集团销售的主要市场是新加坡，越南，孟加拉，缅甸，菲律宾和印度尼西亚。

新加坡还是我们的最大市场，占总销量的46%。2015年，在新加坡的销售量相比较2014年减少3%至3,950万元。必须指出的是此销售数字包括了卖给外国客户的船用机油，以供应给停泊在新加坡港口的外轮。同时，也包括我们供应特种化工产品给跨国企业在新加坡的子公司，这些化工品很大部分是再出口至世界各地。

集团收入的第二来源是越南，以1,200万元占总销量的14%。再次是孟加拉，共955万元占11%。

缅甸，印度尼西亚和菲律宾三个国家总共以893万元占集团总销量的10%。其他的市场销售总额为1,569万元，占19%。

Corporate Governance Report
企 业 监 管 声 明

The Board of Directors (the "Board") and its Management believe in having high standards of corporate governance, and are committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximize long-term shareholder value.

This report describes the Group's corporate governance structures and practices that were in place throughout the financial year ended 31 December 2015, with specific reference made to the principles of the Code of Corporate Governance 2012 (the "CG 2012"). Where there are deviations from the Code, appropriate explanations are provided.

The Board is pleased to confirm that for the financial year ended 31 December 2015, the Group has adhered to the principles and guidelines as set out in the Code 2012 where appropriate.

A. BOARD MATTERS

The Board's Conduct of its Affairs

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

The Board is entrusted with the responsibility of the overall management of the Company. The principal function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's role is to:

a) Provide leadership, set aims, broad policies, strategies and ensuring resources are in place to achieve the objectives of the Company;

b) Establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

c) Review management performance, approve annual budgets, funding requirements, expansion programs, capital investment and major acquisitions and divestments proposals;

d) Identify the key stakeholder groups and recognize that their perceptions affect the Company's reputation;

e) Set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

f) Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and

g) Assume responsibility for corporate governance.

The Board exercises objective judgment independently from Management on corporate affairs of the Group and no individual or small group of individuals dominate the decisions of the Board. All directors are required to objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company. To assist in the execution of its responsibilities, the Board has delegated some responsibilities to specific committees namely, the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC"). The Board Committees operate under clearly defined terms of reference. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the

Company. The Board acknowledges that while these Board Committees have the authority to deal with certain issues and present their findings and decisions to the Board, the ultimate responsibility for these decisions lies with the Board. Minutes of all Board Committee meetings held are made available to the Board members. The key terms of reference and composition of each Board Committee can be found in this report.

A schedule of Board and Board Committee meetings to be held for the calendar year is usually provided to the Directors. The Board meets at least two times a year. In addition to the scheduled meetings, ad-hoc board briefings, conference calls and physical meetings are held as warranted by particular circumstance or as deemed appropriate by the Board members. The Company's Constitution permits meetings of the Directors to be conducted by telephone or other methods of simultaneous communication by electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The attendances of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during the financial year ended 31 December ("FY") 2015 are as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings	Attend-ance	No. of meetings	Attend-ance	No. of meetings	Attend-ance	No. of meetings	Attend-ance
Dr Ho Leng Woon	2	2	-	-	-	-	-	-
Mdm Lau Woon Chan	2	2	-	-	-	-	2	2
Mr Ho Chee Hon	2	2	2	2	1	1	-	-
Mr Chang Kwok Wah	2	2	-	-	-	-	-	-
Mr Tan Woon Hum	2	2	2	2	1	1	2	2
Mr Quah Ban Huat	2	2	2	2	1	1	2	2

The Group has adopted guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines include:

- Strategies and objectives of the Group;
- Announcement of half-year and full year results, and release of annual reports;
- Issuance of securities;
- Declaration of interim dividends and proposed final dividends;
- Convening of shareholders' meetings;
- Material acquisition/investment, divestment or capital expenditure; and
- Corporate or financial restructuring.

The Board will review these internal guidelines on a periodic basis to ensure their relevance to the operations of the Group.

Newly appointed directors undergo an orientation session, which include presentation by Management to familiarize them on the Group's businesses, operations and strategic directions. The new director will also have the opportunity to visit the Group's operational facilities. The orientation programme gives the new Director an understanding of the Group's businesses to enable him to assimilate into his new role. The Company will also provide newly appointed director with a formal letter setting out the duties and obligations of a director.

The Board as a whole is provided with continuous briefings and updates in areas such as changes in company law, changes in SGX listing rules, corporate governance practices and changes in financial reporting standards, so as to enable them to make well-informed decisions. The details of updates, briefings and training programmes attended by the Directors in FY2015 are as follows:

- the external auditors, RSM Chio Lim LLP, briefed the AC and the Board on the developments in financial reporting and governance standards
- the Chief Executive Officer updated the Board on business and strategic developments pertaining to the Group's businesses
- the Company Secretary updated the Board on the new minimum trading price requirement for Mainboard Issuers

The Company has available budget for directors to receive further relevant training in connection with their duties. The details of training programmes attended by the Directors in FY2015 are as follows :

Director	Training Attended	Date
Mr Tan Woon Hum	LCD Module 1: Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What Every Director Ought to Know – Conducted by the Singapore Institute of Directors	11 March 2015
Mr Tan Woon Hum	LCD Module 2: Audit Committee Essentials – Conducted by the Singapore Institute of Directors	25 March 2015
Mr Ho Chee Hon	Eagles Leadership Conference	23-25 July 2015

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Company endeavors to maintain a strong and independent element on the Board. As at the date of this report, two out of the six Board members are independent directors. The Board comprises the following members:

Executive Directors
Dr Ho Leng Woon (Chairman)
Mdm Lau Woon Chan
Mr Ho Chee Hon (Chief Executive Officer)
Mr Chang Kwok Wah

Non-Executive Directors
Mr Quah Ban Huat (Independent)
Mr Tan Woon Hum (Independent)

While the Chairman and the Chief Executive Officer are immediate family members, the Board is of the opinion that based on the Group's current size and operations, it is not necessary to have independent directors make up at least half of the Board at present.

To strengthen the independence of the Board, Mr Quah Ban Huat has also been appointed as the Lead Independent Director. He is the principal liaison in the event that any issues arise between the Independent Directors and the

Executive Directors. He is available to address the concerns of shareholders, employees or other persons in the event that interaction with the Executive Chairman and Chief Executive Officer has failed to satisfactorily resolve their concerns or where such channel of communications is considered inappropriate.

The NC determines on an annual basis whether or not a director is independent, taking into account the Code's definition of an "independent" director and guidance on relationships, the existence of which would deem a director not to be independent. A director who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent judgment in the best interests of the Company, is considered to be independent.

In line with the guidance in the Code, the Board takes into account the existence of relationships or circumstances that are relevant in its determination as to whether a director is independent, including (i) the employment of a director by the Company or any of its related corporations; (ii) employment of an immediate family member by the Company or any of its related corporations and whose remuneration is determined by the Remuneration Committee; (iii) the acceptance by a director of any significant compensation from the Company or any of its related corporations, other than compensation for board service; (iv) a director being related to any organisation from which the Company of any of its subsidiaries received significant payments or material services; (v) a director who is a 10% shareholder of the Company or is an immediate family member of a 10% shareholder of the Company; (vi) a director who is or has been associated with a 10% shareholder of the Company, for the current or any of the past three financial years.

Each independent director is required to complete a Director's Independence Form annually to confirm his independence. For FY2015, the NC carried out a review on the independence of each independent non-executive director based on the foregoing considerations, the respective Director's Independence Form and their actual performance on the Board and Committees. Having carried out their review, the NC is satisfied that the two Directors, who are non-executive, are independent.

The Board recognizes that the Independent Directors may over time develop significant insights in the Group's businesses and operations, and can continue to provide noteworthy and valuable contribution to the Board. The independence of the Independent Directors must be based on the substance of their professionalism, integrity, objectivity and not merely based on the number of years which they have served on the Board.

Management regularly puts up proposals or reports for the Board's approval (where appropriate), for instance, proposals relating to specific proposed transactions or general business direction or strategy of the Group. Independent Non-Executive Directors, when presented with these proposals for their consideration, evaluate the proposals made by Management and where appropriate provide guidance to Management on relevant aspects of the Group's business. In addition, Independent Non-Executive Directors meet, at least once a year, in the meetings with the external auditors and internal auditors and on such other occasions as may be required.

Currently, Mr Tan Woon Hum has served on the Board for more than nine years from the date of his first appointment. The Board has subjected his independence to a rigorous review in the light of Guideline 2.4 of the Code, taking into consideration the absence of potential conflicts of interests which may arise through, inter alia, a shareholding interest in the Company and assessment of his independence in character, judgment through his contributions to the Board discussions and deliberations. The Board is of the view that Mr Tan Woon Hum has demonstrated strong independence of character and judgment over the years in discharging his duties and responsibilities as the Independent Director of the Company with the utmost commitment in upholding the interest of the shareholders. He has expressed individual viewpoints, objectively scrutinized issues and sought clarification as he deemed necessary. Given this, the Board was satisfied that Mr Tan Woon Hum has and will continue to exercise independent business judgment with the view to the best interests of the Company, notwithstanding the length of tenure of his service.

The Board is of the opinion that its current size of six Board members is both effective and efficient. The Board's structure, size and composition is reviewed annually by the NC who is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Group's operations, to facilitate effective decisionmaking. Details of the Board members' qualifications and experience are presented in pages 14 to 17 of this Annual Report.

Having considered the areas of specialization and expertise of each director, the NC is satisfied that the Board has an appropriate mix of expertise, experience and gender, and collectively possesses a range of competencies in legal, finance, business management and the requisite industry knowledge to lead the Company effectively. The Company considers that the Board's composition of independent directors provides effective contributions to the Board with a mix of knowledge and business contacts, including a very broad in-depth successful business and commercial experience. This balance is particularly important in ensuring that the strategies proposed by Management are fully discussed, examined and take into account the long-term interests of the Group.

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 and Chief Executive Officer of the Company are separate individuals but are however, immediate family members. The Chief Executive Officer of the Company, Mr Ho Chee Hon, is the son of Dr Ho Leng Woon, Chairman of the Company. As part of the Group's succession plan, Dr Ho Leng Woon stepped down from his position of Chief Executive Officer on 1 May 2015 and accordingly, Mr Ho Chee Hon assumed the role as the new Chief Executive Officer.

All major proposals and decisions are discussed and reviewed by the Board. The Chairman and Chief Executive Officer's performance and appointment to the Board is reviewed by the NC and their remuneration packages are reviewed by the RC. The AC, NC and RC consist of a majority of independent directors. Given this, the Board believes that there are sufficient strong and independent elements and safeguards in place against an uneven concentration of power and authority.

A Lead Independent Director, Mr Quah Ban Huat, has been appointed to be an alternative avenue for shareholders and other Directors to raise their concerns where raising through the normal channels of the Chairman has failed to resolve, or where such contact is inappropriate. Should the need arise, the Independent Directors, led by the Lead Independent Director, will meet without the presence of the other Directors and the Lead Independent Director would provide feedback to the Chairman after such meetings.

The roles of the Chairman and Chief Executive Officer are separate and their responsibilities are clearly defined to ensure a balance of power and authority within the Company.

The Chief Executive Officer, Mr Ho Chee Hon, has full executive responsibilities of the overall business and operational decisions of the Company.

As Chairman of the Board, Dr Ho Leng Woon is responsible for leading the Board and facilitating its effectiveness.

The Chairman's duties and responsibilities includes:-

a) Leading the Board to ensure it is effective in its role;

b) Setting directions and agendas for the Company and scheduling of meetings to enable the Board to perform its duties responsibly;

c) Ensuring the proper conduct of meetings and accurate documentation of the proceedings;

d) Ensuring the smooth and timely flow of information between the Board and Management;

e) Ensuring compliance with internal polices and guidelines of the Company and high standards of corporate governance;

f) Ensuring effective communication with shareholders through investors' relationship channels and timely announcements of company's development;

g) Encouraging constructive relations between the Board and Management as well as between all directors.

In addition to the above duties, the Chairman will assume duties and responsibilities as may be required from time to time.

Board Membership

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

The Nominating Committee ("NC") is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments. The NC comprises the following three members, majority of whom, including the Chairman, are independent directors:-

Mr Tan Woon Hum (Chairman)
Mr Quah Ban Huat (Member)
Mr Ho Chee Hon (Member)

The NC has adopted written terms of reference defining its membership, administration and duties. Some of the duties and responsibilities of the NC include:

a) to make recommendations to the Board on all Board appointments, including development of a set of criteria for director appointments, which includes qualifications of director; ability to exercise sound business judgments, relevance to the Company and the industry and appropriate personal qualities;

b) to re-nominate directors having regard to the Director's contribution and performance (e.g. attendance, participation and critical assessment of issues deliberated upon by the Board) including, if applicable, as an independent director;

c) to determine annually whether or not a director is independent;

d) to decide how the Board's performance may be evaluated and propose objective performance criteria, such as return on equity ("ROE"), revenue and profit growth, as well as making comparison with industry peers to the Board; and

e) to assess the effectiveness of the Board as a whole.

The NC regards succession planning as an important part of corporate governance and has an internal process of succession planning for directors and the Chief Executive Officer to ensure the progressive and orderly renewal of Board membership. As part of the Group's succession planning, Dr Ho Leng Woon had relinquished his position as the Chief Executive Officer on 1 May 2015. Accordingly, Mr Ho Chee Hon has assumed the role as the Chief Executive Officer.

The NC is responsible for identifying candidates and reviewing all nominations for the appointment of new directors. The search and nomination process will be through search companies, contacts and recommendations. The NC will review and assess candidates before making recommendation to the Board. In recommending new directors to the Board, the NC takes into consideration the individual's qualification, skills, calibre and experience required to support the Group's business activities or strategies, the current composition and seize of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and ability.

The role of NC also includes the reviewing of the re-nomination of directors who retire by rotation, taking into consideration the Director's integrity, independence, contribution and performance. The Constitution of the Company currently require one-third of the Directors to retire and subject themselves to re-election by the shareholders in every annual general meeting. All directors of the Company (other than the Chief Executive Officer) shall retire from office at least once every three years. Taking into consideration that the Chief Executive Officer is instrumental to the Group's operations, the Company has not adopted the guideline for the retirement of the Chief Executive Officer once in every three years. The Constitution of the Company also provides that a newly appointed director must retire and submit himself for re-election at the next annual general meeting following his appointment. Thereafter, he is subject to be re-elected at least once every three years. A director who is due for retirement, shall abstain from voting on any resolution in respect of this re-nomination as a director.

The Board recognizes the contribution of its independent directors who over time, have developed insight into the Group's businesses and operations and are therefore able to provide invaluable contributions to the Group. As such, the Board has decided not to set a fixed term of office for its independent directors.

All directors are required to declare their board representations. The Board is of the view that the effectiveness of each director is best assessed by a qualitative assessment of the Director's contribution and his ability to devote sufficient time and attention to the Company's affairs. When a director has multiple board representation, the NC will consider whether the Director is able to adequately discharge his duties as a director of the Company, taking into consideration the Director's number of listed Company board representations and other principal commitments. Acknowledging that a director's ability to commit time to the Group's affairs is essential, the Board has set an internal limit on the maximum number of listed company board representations which any director may hold. The Board agrees that there should be no more than 4 directorships for a director with full-time employment and 6 directorships for a director with no full-time employment.

Currently, the Company does not have any alternate director.

Details of the Board members' directorship, including the year of initial appointment and election are disclosed below:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election	Directorship / Chairmanship in other Listed Companies (Current)	Directorship / Chairmanship in other Listed Companies (Preceding 3 years)
Dr Ho Leng Woon	Executive	2 January 1982	Not Applicable	-	-
Mdm Lau Woon Chan	Executive	7 March 1983	30 April 2013	-	-
Mr Ho Chee Hon	Executive	1 July 2009	30 April 2014	-	-
Mr Chang Kwok Wah	Executive	25 February 2004	30 April 2013	-	-
Mr Tan Woon Hum	Independent	31 January 2006	30 April 2012	Independent Director and Chairman of Nominating Committee of Ezion Holdings Limited	Independent Director and Chairman of Remuneration and Nominating Committees of Yong Xin International Holdings Ltd.
Mr Quah Ban Huat	Independent	1 November 2010	29 April 2014	Independent Director and Chairman of Remuneration Committee of Samudera Shipping Line Ltd	-

Apart from the foregoing, further information on each director are set out on page 14 to 17 of this Annual Report. In addition, information on shareholding held by each director in the Company and its related corporations is found on page 42 of this Report.

Board Performance

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

The NC has adopted a process for assessing the performance of the Board as a whole instead of individual assessment. The performance appraisal includes qualitative and quantitative factors including board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, degree of compliance with the code of corporate governance, transparency in terms of disclosures and communication with shareholders.

Although the Code proposes certain financial indicators as performance criteria, such as the Company's share price performance, the Board is of the opinion that the performance criteria should be geared toward evaluating the Board's performance in discharging its principal responsibilities, upholding high standards of corporate governance and strategic oversight of the Company's business rather than the specific performance of its share price and other financial indicators. The NC 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. The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

For FY2015, the following process was undertaken in relation to the evaluation of the performance of the Board as a whole:

(a) Evaluation process

Each of the Directors has completed a Board Performance Evaluation Checklist, giving their individual assessment and evaluation of the Board's ability to meet the relevant criteria stated in the Board Performance Evaluation Checklist.

The results of such assessment and evaluation were collated by the corporate secretarial agent and reviewed and considered by the NC.

(b) Determining directors' independence

Each independent director is required to complete a Director's Independence Form annually to confirm his independence. The form is drawn up based on the guideline provided in the Code. The NC has reviewed and is satisfied with the independence of the independent directors as mentioned in relation to Guideline 2 above.

(c) Commitments of directors sitting on multiple boards

The Board has set an internal limit on the maximum number of listed company board representations which any Director may hold. The Board agrees that there should be no more than 4 directorships for a director with full-time employment and 6 directorships for a director with no full-time employment, as mentioned in relation to Guideline 4 above.

The NC has decided unanimously, that the Directors will not be evaluated individually, as each member of the Board contributes in different aspects to the success of the Group, and therefore, it would be more appropriate to assess the Board as a whole. Following its review, the NC is of the view that the Board and its Board Committees operate effectively and each director has been adequately contributing to the overall effectiveness and objectives of the Board.

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.

Board papers for Board meetings were sent to directors in advance in order for directors to be adequately prepared for meetings, including all relevant documents, materials, background or explanatory information relating to the matters to be brought before the Board. In addition, in order to ensure that the Board is able to fulfill its responsibilities, Management provides the Board members with regular updates of the financial position of the Group. The quarterly report includes management accounts of the Company's performance, positions and prospects. The Directors have also been provided with the phone numbers and email-particulars of the Company's Senior Management and the Company Secretaries to facilitate access.

The Company has a transparent policy wherein directors are welcomed to request further information or informal discussions and make recommendations on any aspects of the Company's operations or business issues. Where directors need independent professional advice, the Board may appoint a professional advisor selected by the Directors and approved by the Chairman and Chief Executive Officer to render the advice. The Company may bear the cost of such advice if necessary.

The Company Secretaries attend all Board meetings and are responsible to ensure that Board procedures are followed. It is the Company Secretaries' responsibility to advise the Board on corporate governance matters and to assist the Board in complying with the relevant rules and regulations applicable to the Company. Under the direction of the Chairman, the Company Secretaries facilitate the information flow within the Board and its Committees and between Management and the Independent Directors. The appointment and removal of the Company Secretaries are decisions taken by 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 Remuneration Committee ("RC") is established for the purposes of ensuring that there is a formal and transparent process for developing policy and fixing the remuneration packages of individual directors. The RC comprises the following three members, majority of whom, including the Chairman, are independent directors:-

Mr Quah Ban Huat (Chairman)
Mr Tan Woon Hum (Member)
Mdm Lau Woon Chan (Member)

The Board recognises that the composition of the RC is not in accordance with the Code's guidelines that RC should comprise of entirely non-executive directors. However, the Board is of the view that the membership of Mdm Lau Woon Chan is necessary to facilitate a more effective discussion on the remuneration packages of the Group's key executives. Apart from Mdm Lau Woon Chan, the other two members (including Chairman) are non-executive independent directors. The presence of a strong independent element ensures that no individual has unfettered powers of decision.

The RC has adopted written terms of reference defining its membership, administration and duties. The duties of the RC are as follows:

a) to review and recommend to the Board in consultation with senior management a framework of remuneration for the Executive Directors and Chief Executive Officer;

b) to review the remuneration packages of all managerial staff that are related to any of the Executive Directors or Chief Executive Officer; and

c) to recommend to the Board in consultation with senior management and the Chairman of the Board, the Executive's and Employees' Share Option Schemes or any long term incentive scheme.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services will be borne by the Company.

The RC will also review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses.

No director shall participate in decisions relating to any remuneration, compensation or any form of benefits to be granted to him.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but the company should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Company has approved the remuneration framework for the Executive Directors and Chief Executive Officer on recommendation by the RC. The remuneration of the Executive Directors and Chief Executive Officer is structured to link rewards to corporate and individual performance. The Executive Directors and Chief Executive Officer's remuneration consists of both a fixed component and a variable component which is performance related. The framework will cover directors' basic salaries, bonuses and benefits in kind. In developing the framework, the RC has taken into consideration factors, such as the Company's performance, the economic scenario, market practices and the individual's contributions to the Company.

The RC has adopted a framework to remunerate the Non-Executive Directors based on their appointments, roles in respective committees and contributions to the Board and Company. The remuneration packages of the Non-Executive Directors comprise a basic director retainer fee and additional fees for appointment to Board Committees. While the remuneration frameworks are not subject to shareholders' approval, the Directors' fees for the Non-Executive Directors will be subject to the approval of shareholders at annual general meetings.

The Company currently does not have any long-term schemes for executive directors and key management personnel.

Disclosure on Remuneration

Principle 9: Each Company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

Details on the remuneration of directors and key management personnel for the year under review are reported below. During the year, there was no termination, retirement or post-employment benefits granted to any director or key management personnel.

Remuneration band (S$)	Name of Director	Salary including CPF (%)	Bonus Profit Sharing (%)	Fees (%)	Benefit in Kind (%)
600,000 to below 700,000	Ho Leng Woon	64.8	31.4	-	3.8
400,000 to below 500,000	Chang Kwok Wah	59.1	33.6	-	7.3
300,000 to below 400,000	Ho Chee Hon	75.6	20.3	-	4.1
200,000 to below 300,000	Lau Woon Chan	53.3	46.7	-	-
Below 100,000	Tan Woon Hum	-	-	100	-
	Quah Ban Huat	-	-	100	-

The Company had entered into separate Service Agreements with each of the Executive Directors on a fixed term. The Agreements are renewable with mutual consent of the parties upon expiry.

The Group does not intend to use contractual provisions to allow it to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company, and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties. In addition, the Company has in place alternative corporate governance practices described herein, such as the establishment of whistle-blowing policies, rigorous selection criteria of its Directors and key management personnel, the engagement of a professional accounting firm as the Group's outsourced internal auditors, private discussions between the Independent Directors with the external auditors and internal auditors and the granting of full access to all employees and documents of the Group to the Independent Directors, as checks and balances to prevent the occurrence of such instances.

The top five key management personnel's remuneration for the financial year ended 31 December 2015 is disclosed in the table below:

Remuneration band (S$)	Name of key management personnel
200,000 to below 300,000	Alphonsus Chua
100,000 to below 200,000	Ang Luck Seh
	Chew Eng Lai
	Lim Lay Pheng
	Ng Siew Khim

The remuneration received by the Executive Directors and key management personnel takes into consideration, the individual's performance and contribution towards the overall performance of the Group for FY2015. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of a monthly basic salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives. For FY2015, the agreed performance objectives of the Executive Directors and key management personnel were met.

The Company currently does not have any long-term incentive schemes for executive directors and key management personnel.

Mr Ho Chee Hon is the Chief Executive Officer and the son of the Company's Chairman, Dr Ho Leng Woon and the Company's Executive Director, Mdm Lau Woon Chan. Apart from him, there was no employee who is an immediate family member of a director or the Chief Executive Officer whose remuneration exceeded S$50,000 for the financial year ended 31 December 2015.

The Board believes that it is for the benefit of the Company that the remuneration of the Directors and the total remuneration paid to the top 5 key management personnel be kept confidential, due to the sensitive nature of such information. The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

C. ACCOUNTABILITY AND AUDIT

Accountability

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

One of the Board's principal duties is to protect and enhance the long-term value and returns to the shareholders of the Company. The accountability of the Board to the shareholders is demonstrated through the presentation of the periodic financial statements as well as timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects. The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements.

The Group recognizes the importance of providing the Board with accurate and relevant information on a timely basis. Management also highlights key business indicators and major issues that are relevant to the Group's performance on an on-going basis in order for the Board to make a balanced and informed assessment of the Group's performance, financial performance, position and prospects as well as Management's achievements of the goals and objectives determined.

The Board ensures that the Management maintains a sound system of internal control to safeguard the shareholders' investment and the Group's assets. Board papers are given prior to any Board meeting to facilitate effective discussion and decision making.

The Management presents to the Audit Committee the interim and full-year results. The Audit Committee reviews the results and recommends them to the Board for approval. The Board approves the results and authorizes the release of the results to the SGX-ST and the public via SGXNET as required by the SGX-ST Listing Manual.

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 the shareholders' investments 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 acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. 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.

The Board is assisted by the Risk Management Committee ("RMC") which was formed, as part of the Group's efforts to strengthen its risk management processes and framework. The RMC has done up a documentation on the Group's risk profile which summarizes the material risks faced by the Group, the appropriate risk tolerance limits set for the respective risks and the countermeasures in place to manage or mitigate those risks. On an annual basis, the RMC will review the key risks identified, considered the relevance of these risks, identify new risks which may arise and assess the internal controls in place to mitigate such risks. RMC will report to the Board and the Board members will then evaluate and provide their feedbacks to the RMC.

For FY2015, the Board has received assurances from the Chief Executive Officer and the Finance Director that the Group's risk management and internal control systems in place are adequate and effective in addressing the material risks of the Group in its current business environment including financial, operational, compliance and IT risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the external and internal auditors, as well as review performed by the RMC, the Board, with the concurrence of the AC, is of the view that the internal controls of the Group, addressing the financial, operational, compliance and information technology risks are adequate as at 31 December 2015.

Audit Committee

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

The AC comprises the following three members, majority of whom, including the Chairman, are independent directors:-

Mr Quah Ban Huat (Chairman)
Mr Tan Woon Hum (Member)
Mr Ho Chee Hon (Member)

The profile of each member of the AC is set out on pages 14 and 17 of this report. Mr Quah Ban Huat, Chairman of the AC, has many years of experience in finance and accounting. Other members of the AC possess experience in legal, finance, accounting and business management. The Board is of the view that the members of the AC are appropriately qualified, having accounting or related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities. None of the members of the Audit Committee is a former partner or director of the Company's external or internal auditors.

The Board recognizes that the composition of the AC is not in accordance with the Code's guidelines that the AC should be made up of entirely non-executive directors. However, for the same reasons stated under Principle 3 of this report, the Board is of the view that independence is not comprised as majority of the members of the AC are independent.

As a sub-committee of the Board of Directors, AC assist the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in the Group. The AC also reviews and supervises the internal audit functions of the Group.

AC provides a channel of communication between the Board, Management and the external auditors on matters relating to audit.

AC has adopted written terms of reference defining its membership, administration and duties. Duties and responsibilities of the AC include:

a) discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;

b) review with external auditors, their evaluation of the system of internal controls, the Management Letter and Management's response thereon;

c) discuss problems and concerns, if any, arising from the interim and final audits and any matters that the external auditors may wish to discuss with the AC in the absence of the Management;

d) review of the independence and objectivity of the external auditors and nomination of their re-appointment as auditors of the Company) The review of the adequacy of the Company's internal controls, and the effectiveness of the Company's internal audit function, the internal audit program including the scope and results of the internal audit;

e) review of interested person transactions (as defined in the Chapter 9 of the Listing Manual of SGX-ST);

f) review of interim and full year financial results, including review of the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance; and

g) any other functions that are requested by the Board, as may be required by statute or the Listing Manual. In discharging the above duties, the AC confirms that it has full access to and co-operation from Management and is given full discretion to invite any Director or executive Director to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly.

The AC has conducted an annual review of the volume of non-audit services provided by the external auditors to satisfy it that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before recommending their re-nomination to the Board. A breakdown of the fees in total for audit and non-audit services is set out in the Notes to the Financial Statement on page 101 of this annual report. The AC is satisfied with their independence and has recommended the re-appointment of the external auditors at the forthcoming Annual General Meeting of the Company. In addition, the AC has reviewed the adequacy of the resources, experience of the external auditors and of the audit engagement partner assigned to the audit. The AC is satisfied that the external auditors are able to meet their audit obligations.

The AC meets with the internal auditors and the external auditors, at least once a year, without the presence of Management, to have free and unfettered access to unfiltered information and feedback.

In the event that any Director has a personal material interest in any contract or proposed contract or arrangement, he will abstain from reviewing that particular transaction or voting on the particular resolution.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Company's operating results and/or financial position.

In performing its functions, the AC has explicit authority to investigate any matter within its terms of reference, having full access to and co-operation by management and full discretion to invite any director or executive officer to attend meetings, and reasonable resources to enable it to discharge its function properly.

In FY2015, the AC has reviewed with the Management and the external auditors, the results of the Group before submitting them to the Board for its approval and announcement of the financial results. The AC also reviewed the Group's financial condition, internal and external audit reports.

The AC is kept abreast by Management, the external and internal auditors on changes and updates to accounting standards, and other issues which could have a direct impact on the financial statements of the Group, if any.

The Company has also put in place a whistle-blowing policy and has implemented procedures and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to the AC. All complaints or concerns raised will be dealt with, including anonymous complaints. The action taken will depend on the nature of the complaint. Initial enquiries will be made to determine whether an investigation is appropriate, and the form that it should take. If necessary, the AC will direct an independent investigation to be conducted on the complaint received. Details of the whistle-blowing policies and arrangements have been made available to all employees. Members of the public can also refer to the Company's website for the whistle-blowing arrangements. During FY2015, there were no complaints, concerns or issues received.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The AC is aware that internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The internal audit function of the Company is out-sourced to Nexia TS Risk Advisory Pte Ltd ("Internal Auditor") and the Internal Auditor reports directly to the Chairman of the AC. The Internal Auditors is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience.

The Internal Auditors carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. Being an independent function, the audit work is conducted with impartiality and professional care.

The Internal Auditor reviews the effectiveness of the internal control system and management control system, including systems for compliance with laws and regulations. These reviews are conducted twice a year to ensure material internal controls are in place. The AC reviews the adequacy of the internal audit function to ensure that the internal audits are conducted effectively and that Management provides the necessary cooperation to enable the Internal Auditor to perform its function. The AC also reviews the internal audit reports as well as the remedial measures recommended by the Internal Auditor and adopted by Management to address any issues or inadequacies identified.

Since the implementation of the internal audit, the AC is satisfied that the internal audit on systems and controls are adequate in view of the current nature and scope of operations of the Company. The AC will continue to assess the adequacy of the internal audit function annually.

Shareholder Rights

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

The Company's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET and the Company's website, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements, press releases via SGXNET, the Company's website as well as through reports/circulars sent to all shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend general meetings. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Communication with Shareholders

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

The Company endeavours to communicate regularly, effectively and fairly with its shareholders. Timely, as well as, detailed disclosure is made to the public in compliance with SGX-ST guidelines. The Company does not practise selective disclosure. All price sensitive information is announced on the SGXNET on a timely basis.

Shareholders are kept informed of developments and performance of the Group through announcements published via SGXNET and the press when necessary as well as in the annual report. Other announcements are also made on an ad-hoc basis where applicable as soon as possible to ensure timely dissemination of the information to shareholders.

Shareholders are encouraged to attend and raise questions to the Directors at the Company's general meetings. At these meetings, shareholders are given the opportunity to express their views and raise issues either formally or informally. These meetings provide opportunities for the Board to engage with shareholders and solicit their feedback. The Company's website at www.apoil.com.sg is another channel to solicit and understand the views of the shareholders.

The Company does not have a fixed dividend policy at present. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate.

Conduct of shareholder meetings

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

All shareholders of the company receive the annual report of the company and notice of AGM within the mandatory period. The notice is also published in the local newspaper and made available on the SGXNET and the Company's website. Participation of shareholders is encouraged at the Company's general meetings. Each item of special business included in the notice of meeting will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

To facilitate voting by shareholders, the Company's Constitution allows shareholders to appoint up to two proxies to attend and vote at the same general meeting. The Board of Directors (including the Chairman of the respective Board committees), Management, as well as the external auditors will attend the Company's Annual General Meeting to address any questions that shareholders may have.

The minutes of general meetings will be made available to shareholders upon written request.

All resolutions at general meetings of the Company will be put to vote by poll so as to better reflect shareholders' shareholding interest and ensure greater transparency. The results of the poll voting on each resolution tabled will be announced after the general meetings via SGXNET and the Company's website.

D. DEALINGS IN SECURITIES

The Company has adopted internal codes applicable to all officers in relation to dealings in the Company's securities. The key guidelines are:

- Directors and key officers are prohibited from trading in the Company's securities during the period commencing one month before the announcement of the Company's half yearly and full year financial results and the prohibition ends on the day of the announcement of such results.
- Directors and key officers should not deal in the Company's securities on short-term consideration.
- Directors and key officers are required to observe the insider trading laws under the Securities Industries Act at all times even when engaging in dealings of securities within the non-prohibitory periods. To enable the Company to monitor such share transactions, Directors and key officers are required to report to the Company whenever they deal in the Company's securities.

E. INTERESTED PERSON TRANSACTIONS

The Company has adopted internal guidelines in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. The main objective is to ensure that all interested person transactions are conducted on arm's length basis and on normal commercial terms.

The AC had reviewed all interested person transactions for the financial year ended 31 December 2015 and was satisfied that there was no interested person transaction entered into by the Group in excess of S$100,000 during the financial year.

F. MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the Listing Manual, the company confirms that there was no material contract entered into between the company and its subsidiaries which involved the interests of any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which was entered into since the end of the previous financial year.

G. AUDITORS

The Company has complied with Rules 712, 715 and 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

Financial Content

Statement by Directors

The directors of the company are pleased to present the accompanying audited financial statements of the company and of the group for the reporting year ended 31 December 2015.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

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

The board of directors approved and authorised these financial statements for issue.

2. Directors in office at date of report

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

Executive directors
Dr Ho Leng Woon
Lau Woon Chan
Ho Chee Hon
Chang Kwok Wah

Independent and non-executive directors
Quah Ban Huat
Tan Woon Hum

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

	At beginning of reporting year	At end of reporting year
The company	Number of shares of no par value	
Dr Ho Leng Woon	61,406,250	61,406,250
Lau Woon Chan	17,531,250	17,531,250
Ho Chee Hon	3,168,937	3,168,937
Chang Kwok Wah	41,250	41,250

3. Directors' interests in shares and debentures (cont'd)

By virtue of section 7 of the Act, Dr Ho Leng Woon and Lau Woon Chan are deemed to have an interest in each other's direct interest in the company and in all the related corporations of the company.

The directors' interests as at 21 January 2016 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures

Neither at the end of nor at any time during the reporting year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Audit committee

The members of the audit committee at the date of this report are as follows:

Quah Ban Huat	(Chairman of audit committee and independent and non-executive director)
Tan Woon Hum	(Independent and non-executive director)
Ho Chee Hon	(Executive director)

The audit committee performs the functions specified by section 201B(5) of the Companies Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by management to them;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and

7. Audit committee (cont'd)

- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

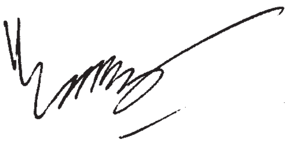
Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence are safeguarded where the independent auditor provides non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

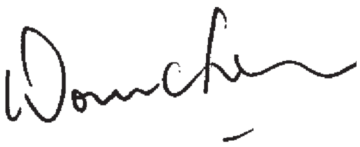
8. Directors' opinion on the adequacy of internal control

Based on the internal controls established and maintained by the company, work performed by the internal auditor, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that company's internal controls addressing financial, operational and compliance risks are adequate as at the end of the reporting year 31 December 2015.

On behalf of the directors



Dr Ho Leng Woon
Director



Lau Woon Chan
Director

21 March 2016

Independent Auditors' Report

To The Members of AP Oil International Limited (Registration No: 197502257M)

Report on the financial statements

We have audited the accompanying consolidated financial statements of AP Oil International Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and 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 and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the group and the changes in equity of the company for the reporting 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.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

21 March 2016

Partner in charge of audit: Adrian Tan Khai-Chung
Effective from year ended: 31 December 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015

	Note	Group	
		2015	2014
		$'000	$'000
Revenue	5	85,657	78,417
Cost of sales		(72,077)	(64,718)
Gross profit		13,580	13,699
Interest income		38	34
Other gains	6	758	249
Distribution costs	7	(3,515)	(1,900)
Administrative expenses		(6,928)	(6,886)
Finance costs		(1)	(4)
Other losses	6	(341)	(244)
Share of results of equity-accounted joint ventures		384	322
Profit before tax from continuing operations		3,975	5,270
Income tax expense	9	(225)	(534)
Profit from continuing operations, net of tax		3,750	4,736
Profit from discontinued operations, net of tax	10	-	259
Profit net of tax		3,750	4,995
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets, net of tax	25	31	23
Exchange differences on translation from functional currency to presentation currency	25	2,096	1,056
Share of other comprehensive income from equity-accounted joint ventures, net of tax	25	(52)	140
Other comprehensive income for the year, net of tax		2,075	1,219
Total comprehensive income for the year		5,825	6,214
Profit attributable to owners of the company, net of tax		4,221	4,995
Loss attributable to non-controlling interests, net of tax		(471)	-
Profit net of tax		3,750	4,995
Total comprehensive income attributable to owners of the company		6,296	6,214
Loss attributable to non-controlling interests, net of tax		(471)	-
Total comprehensive income for the year		5,825	6,214

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2015 (cont'd)

	Note	Group	
		2015	2014
Earnings per share (cents per share)		Cents	Cents
Basic	11		
Continuing operations		2.57	2.88
Discontinued operations		-	0.16
Total		2.57	3.04
Diluted	11		
Continuing operations		2.57	2.88
Discontinued operations		-	0.16
Total		2.57	3.04

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

Statements of Financial Position

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	4,259	3,591	1,355	877
Goodwill	14	409	409	-	-
Investments in subsidiaries	15	-	-	16,867	5,430
Investments in joint ventures	18	2,081	1,583	223	-
Deferred tax assets	9	35	36	-	-
Other financial assets	19	848	776	848	776
Other assets	20	661	619	-	-
Total non-current assets		8,293	7,014	19,293	7,083
Current assets					
Assets and disposal group held for sale	17	-	1,627	-	-
Inventories	21	6,974	6,041	-	4,562
Trade and other receivables	22	15,881	8,147	6,748	5,770
Other assets	20	405	1,157	50	1,076
Cash and cash equivalents	23	31,215	31,303	11,810	17,488
Total current assets		54,475	48,275	18,608	28,896
Total assets		62,768	55,289	37,901	35,979
EQUITY AND LIABILITIES					
Equity attributable to owners of the company					
Share capital	24	6,606	6,606	6,606	6,606
Retained earnings		39,091	39,693	21,745	19,098
Other reserves	25	6,122	47	405	(1,343)
Equity attributable to owners of the company		51,819	46,346	28,756	24,361
Non-controlling interests		79	-	-	-
Total equity		51,898	46,346	28,756	24,361
Non-current liabilities					
Deferred tax liabilities	9	271	243	63	73
Finance leases	26	10	21	-	-
Total non-current liabilities		281	264	63	73
Current liabilities					
Income tax payable		397	741	6	170
Trade and other payables	27	10,180	7,926	9,076	11,375
Finance leases	26	12	12	-	-
Total current liabilities		10,589	8,679	9,082	11,545
Total liabilities		10,870	8,943	9,145	11,618
Total equity and liabilities		62,768	55,289	37,901	35,979

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

Statements of Changes in Equity

Year ended 31 December 2015

Group	Attributable to owners of the company Share capital $'000	 Retained earnings $'000	 Other reserves $'000	 Total $'000	Non-controlling interests $'000	Total equity $'000
Current year						
At 1 January 2015	6,606	39,693	47	46,346	-	46,346
Movements in equity						
Total comprehensive income/(loss) for the year	-	4,221	2,075	6,296	(471)	5,825
Dividends paid (note 12)	-	(823)	-	(823)	-	(823)
Acquisition of a subsidiary (note 16)	-	-	-	-	550	550
Capitalisation of retained earnings by way of bonus issue of shares of a subsidiary	-	(4,000)	4,000	-	-	-
At 31 December 2015	6,606	39,091	6,122	51,819	79	51,898
Previous year						
At 1 January 2014	6,606	35,521	(1,172)	40,955	-	40,955
Movements in equity						
Total comprehensive income for the year	-	4,995	1,219	6,214	-	6,214
Dividends paid (note 12)	-	(823)	-	(823)	-	(823)
At 31 December 2014	6,606	39,693	47	46,346	-	46,346

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

Statements of Changes in Equity

Year ended 31 December 2015

Company	Share capital $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
Current year				
At 1 January 2015	6,606	19,098	(1,343)	24,361
Movements in equity				
Total comprehensive income for the year	-	3,470	1,748	5,218
Dividends paid (note 12)	-	(823)	-	(823)
At 31 December 2015	6,606	21,745	405	28,756
Previous year				
At 1 January 2014	6,606	15,980	(1,699)	20,887
Movements in equity				
Total comprehensive income for the year	-	3,941	356	4,297
Dividends paid (note 12)	-	(823)	-	(823)
At 31 December 2014	6,606	19,098	(1,343)	24,361

Consolidated Statement of Cash Flows
Year ended 31 December 2015

	Group	
		Restated
	2015	2014
	$'000	$'000
Cash flows from operating activities		
Profit from continuing operations	3,750	4,736
Profit from discontinued operations	-	259
Profit for the year	3,750	4,995
Adjustments for:		
Income tax expense recognised in profit or loss	225	534
Interest income	(38)	(34)
Interest expense	1	4
Insurance premium charged to profit or loss	14	5
Depreciation of property, plant and equipment	1,145	1,093
Share of results of equity-accounted associate, net of tax	-	(259)
Share of results of equity-accounted joint venture, net of tax	(384)	(322)
Gain on disposal of associate	(368)	-
Gain on disposal of property, plant and equipment	(115)	(14)
Operating cash flows before changes in working capital	4,230	6,002
Inventories	(310)	1,944
Trade and other receivables	(4,002)	195
Other assets	88	(229)
Trade and other payables	1,210	(991)
Net cash flows from operations	1,216	6,921
Net income taxes paid	(570)	(465)
Net cash flows from operating activities	646	6,456
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,713)	(753)
Disposal of property, plant and equipment	128	34
Acquisition of subsidiary (net of cash acquired) (note 16)	1,545	-
Advance payment made for acquisition of subsidiary (note 16)	-	(743)
Investments in joint-ventures	(223)	-
Interest received	38	34
Disposal of associate	1,994	-
Dividends from joint ventures	138	135
Net cash flows from/(used in) investing activities	1,907	(1,293)
Cash flows from financing activities		
Dividends paid to equity owners	(823)	(823)
Cash restricted in use	(554)	-
Repayment of bank borrowings	(3,115)	-
Repayment of finance leases	(11)	(2)
Interest paid	(1)	(4)
Net cash flows used in financing activities	(4,504)	(829)

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

Consolidated Statement of Cash Flows
Year ended 31 December 2015 (cont'd)

	Group	
		Restated
	2015	2014
	$'000	$'000
Net increase in cash and cash equivalents	(1,951)	4,334
Cash and cash equivalents, statement of cash flows, beginning balance	31,303	26,211
Net effect of exchange rate changes	1,309	758
Cash and cash equivalents, statement of cash flows, ending balance (note 23A)	30,661	31,303

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

Notes to the Financial Statements
Year ended 31 December 2015

1. General

AP Oil International Limited (the "company") is incorporated in Singapore with limited liability and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The company is situated in Singapore and its registered office is 30 Gul Crescent, Jurong Singapore 629535.

The financial statements of the group as at and for the reporting year ended 31 December 2015 comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities") and the group's interest in equity-accounted investees.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are those of manufacturing of petroleum lubricating oil, including wholesale of oil and fuel, dealing in paraffin wax, lubricating oil and grease, as well as investment holding. On 2 May 2015, the company transferred its business operations to a subsidiary, AP Oil Pte Ltd. Since then, it became an investment holding company.

The principal activities of the subsidiaries, associate and joint ventures are set out in notes 15, 17 and 18, respectively.

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the company and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

1. General (cont'd)

Basis of presentation (cont'd)

All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from franchising represents trading of base oil and is recognised on the basis similar to that of sale of goods. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when significant acts have been completed. Rental revenue is recognised on a

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognised using the effective interest method. Dividend from subsidiaries, associate and joint venture are recognised as income when the entity's right to receive payment is established.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, associate and joint venture except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Foreign currency transactions

The functional currency of the company is the United States dollar (US$) as it reflects the primary economic environment in which the entity operates.

Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as qualifying cash flow hedges.

The presentation currency is the Singapore dollar (S$) as the financial statements are meant primarily for users in Singapore. Accordingly, for the financial statements presented in Singapore dollar, assets and liabilities are translated at year end rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity. The translation of US$ amounts into S$ amounts are included solely for the convenience of readers. The reporting year end rates used are US$1 to S$1.41 (2014: US$1 to S$1.32) which approximates the rate of exchange at the end of the reporting year. The average rate of exchange for the reporting year is US$1 to S$1.38 (2014: US$1 to S$1.27). Such translation should not be construed as a representation that the Singapore dollar amounts could be converted into US dollars at the above rate or other rate.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss or other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant entity.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. A grant in recognition of specific expenses is recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Property, plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties and improvements	–	Over the terms of lease, ranging from 3.13% to 9.09% per annum
Plant and equipment	–	20% to 100% per annum

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost 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. Subsequent cost are recognised as an 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 repairs and maintenance are charged to profit or loss when they are incurred.

Segment reporting

The group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary 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 value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is accounted for using the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in associates is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for associates 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 value and the net book value of an investment in associates are not necessarily indicative of the amounts that would be realised in a current market exchange.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Joint arrangements – joint venture

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement.

In the consolidated financial statements, the accounting for investments in a joint venture is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of a joint venture in excess of the reporting entity's interest in the relevant joint venture are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and a joint venture are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be a joint venture and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture is measured at fair value at the date that it ceases to be a joint venture.

In the company's separate financial statements, an investment in joint venture is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for joint venture 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 value and the net book value of an investment in joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. When the fair value less costs to sell method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Non-controlling interests (cont'd)

interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of asset held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balance as held for sales are included in profit or loss, even when there is a revaluation. The same applies to gain and to losses on subsequent remeasurement.

In addition, the results of discontinued operations are presented separately in profit or loss. A discontinued operation is a component of the business that represents a separate major line of business or geographical area of operations that has been sold, or classified as held for sale or has been abandoned. They are shown separately in profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Financial assets

Initial recognition, measurement and derecognition

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

(i) Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.

(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. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

(ii) been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

(iii) Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.

(iv) Available-for-sale financial assets: These are non-derivative financial assets that are designated as available-for-sale on initial recognition or are not classified in one of the previous categories. These assets are carried at fair value. Changes in fair value of available-for-sale financial assets (other than those relating to foreign exchange translation differences on monetary investments) are recognised in other comprehensive income and accumulated in a separate component of equity under the heading revaluation reserves. Such reserves are reclassified to profit or loss when realised through disposal. When there is objective evidence that the asset is impaired, the cumulative loss is reclassified from equity to profit or loss as a reclassification adjustment. A significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment. If, in a subsequent period, the fair value of an equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss, it is reversed against revaluation reserves and is not subsequently reversed through profit or loss. However for debt instruments classified as available-for-sale impairment losses recognised in profit or loss are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. For non-equity instruments classified as available-for-sale the reversal of impairment is recognised in profit or loss. The weighted average method is used when determining the cost basis of publicly listed equities being disposed of. The financial assets are classified as non-current assets unless management intends to dispose of the investments within 12 months of the end of the reporting year. Usually non-current investments in equity shares and debt securities are classified in this category but it does not include subsidiaries, joint ventures, or associates. Unquoted investments are stated at cost less allowance for impairment in value where there are no market prices, and management is unable to establish fair value by using valuation techniques except that where management can establish fair value by using valuation techniques the relevant unquoted investments are stated at fair value. For unquoted equity instruments impairment losses are not reversed.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

(i) Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

(ii) Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

<u>Assessment of goodwill</u>

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in note on goodwill. Actual outcomes could vary from these estimates.

<u>Allowance for doubtful trade accounts</u>

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount at the end of the reporting year is disclosed in the note on trade and other receivables.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Net realisable value of inventories

A review is made periodically for excess inventories, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgment and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated values of the inventories. The carrying amount at the end of the reporting year is disclosed in the note on inventories.

Recoverability of non-current other assets

Other assets mainly comprise of a prepayment for purchase of land. As described in note 20 to the financial statements, on 14 January 2008, a subsidiary of the company entered into an agreement with a company in Vietnam with the intention of establishing a joint arrangement for the purpose of acquiring three parcels of land in Vietnam. To this end, the subsidiary has made a deposit of US$468,800. However, as at 31 December 2015, the land purchase has not yet been completed nor has the joint arrangement been set up. These are also not expected to be finalised within the next 12 months from the end of the reporting year. In making this judgement, management considered the creditworthiness of the counterparty, the market value of the land and the legal recourse in the event of dispute.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Dr Ho Leng Woon, a director and significant shareholder.

3A. Related companies

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3. Related party relationships and transactions (cont'd)

3B. Key management compensation

	Group	
	2015	2014
	$'000	$'000
Salaries and other short-term employee benefits	2,148	2,102

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2015	2014
	$'000	$'000
Remuneration of directors of the company	1,658	1,799
Remuneration of directors of subsidiaries	410	223
Fees to directors of the company	80	80

Further information about the remuneration of individual directors is provided in the report on corporate governance. Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors of the company and of the subsidiaries.

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, geographical areas, and major customers are made as required by FRS 108. This disclosure standard has no impact on the reported results or financial position of the group.

For management purposes, the group is organised into the following three major strategic operating segments that offer different products and services:

(1) Manufacturing;
(2) Trading; and
(3) Franchising.

Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as internal reporting system. It represents the basis on which management reports the primary segment information. They are managed separately because each business requires a different strategy.

4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The segments and types of products and services are as follows:

- The manufacturing segment manufactures a range of lubricating oils and fluids and specialty chemicals for industrial, automotive and marine applications and provides blending services to its customers. The manufactured goods were sold under the group's brand names;

- The trading segment trades in base oil and additives and specialty chemicals; and

- The franchising segment includes trade in raw materials for products under the company's brand names.

Inter-segment sales are measured on the basis that the group actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

4B. Profit or loss from continuing operations and reconciliations

	Manufacturing $'000	Trading $'000	Franchising $'000	Unallocated $'000	Total $'000
2015					
Continuing operations					
Revenue by segment	40,495	31,334	20,818	-	92,647
Inter-segment sales	(4,692)	(2,298)	-	-	(6,990)
Total revenue	35,803	29,036	20,818	-	85,657
Gross profit	10,007	1,417	2,156	-	13,580
Interest income				38	38
Other gains				758	758
Finance costs				(1)	(1)
Other losses				(341)	(341)
Unallocated expenses				(10,443)	(10,443)
Share of results of joint ventures				384	384
Profit before tax from continuing operations					3,975
Income tax expense					(225)
Profit from continuing operations, net of tax					3,750
Profit net of tax					3,750

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations (cont'd)

	Manufacturing $'000	Trading $'000	Franchising $'000	Unallocated $'000	Total $'000
2014					
Continuing operations					
Revenue by segment	57,555	19,557	19,115	-	96,227
Inter-segment sales	(17,610)	(200)	-	-	(17,810)
Total revenue	39,945	19,357	19,115	-	78,417
Gross profit	10,016	1,563	2,120	-	13,699
Interest income				34	34
Other gains				249	249
Finance costs				(4)	(4)
Other losses				(244)	(244)
Unallocated expenses				(8,786)	(8,786)
Share of results of joint ventures				322	322
Profit before tax from continuing operations					5,270
Income tax expense					(534)
Profit from continuing operations, net of tax					4,736
Profit from discontinued operations, net of tax					259
Profit net of tax					4,995

4. Financial information by operating segments (cont'd)

4C. Assets and reconciliations

	Manufacturing $'000	Trading $'000	Franchising $'000	Unallocated $'000	Total $'000
2015					
Total assets for reportable segments	13,594	5,591	7,520	-	26,705
Unallocated:					
Deferred tax assets	-	-	-	35	35
Cash and cash equivalents	-	-	-	31,215	31,215
Investments in joint ventures	-	-	-	2,081	2,081
Other unallocated amounts	-	-	-	2,732	2,732
Total group assets	13,594	5,591	7,520	36,063	62,768
2014					
Total assets for reportable segments	13,144	2,972	888	-	17,004
Unallocated:					
Deferred tax assets	-	-	-	36	36
Cash and cash equivalents	-	-	-	31,303	31,303
Investments in joint ventures	-	-	-	1,583	1,583
Assets and disposal group held for sale	-	-	-	1,627	1,627
Other unallocated amounts	-	-	-	3,736	3,736
Total group assets	13,144	2,972	888	38,285	55,289

4D. Liabilities and reconciliations

	Manufacturing $'000	Trading $'000	Franchising $'000	Unallocated $'000	Total $'000
2015					
Total liabilities for reportable segments	4,640	2,939	1,808	-	9,387
Unallocated:					
Deferred and current tax liabilities	-	-	-	668	668
Other unallocated amounts	-	-	-	815	815
Total group liabilities	4,640	2,939	1,808	1,483	10,870
2014					
Total liabilities for reportable segments	4,555	1,173	1,098	-	6,826
Unallocated:					
Deferred and current tax liabilities	-	-	-	984	984
Other unallocated amounts	-	-	-	1,133	1,133
Total group liabilities	4,555	1,173	1,098	2,117	8,943

4. Financial information by operating segments (cont'd)

4E. Other material items and reconciliations

	Manufacturing $'000	Trading $'000	Franchising $'000	Unallocated $'000	Total $'000
Depreciation					
2015	414	330	-	401	1,145
2014	485	351	-	257	1,093
Capital expenditure					
2015	262	311	-	1,140	1,713
2014	340	317	-	131	788

4F. Geographical information

	Revenue		Non-current assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore	39,480	40,538	6,749	5,583
Vietnam	12,011	14,088	661	619
Bangladesh	9,546	9,030	-	-
Indonesia	2,376	2,595	-	-
Myanmar	3,065	3,357	-	-
Philippines	3,491	3,025	-	-
Others	15,688	5,784	-	-
	85,657	78,417	7,410	6,202

Revenue is attributed to the countries where they are derived by the group. The non-current assets are analysed by the geographical areas in which the assets are located. The non-current assets exclude deferred tax assets and other financial assests.

4G. Information about major customers

Three customers (2014: two customers) of the group contributed more than 10% each of the group's total revenue. These three customers (2014: two customers) contributed approximately $36,000,000 (2014: $33,000,000) in revenue.

5. Revenue

	Group 2015 $'000	Group 2014 $'000
Sale of goods	80,519	72,998
Rendering of services	3,601	3,985
Rental revenue	1,537	1,434
	85,657	78,417

6. Other gains/(losses)

	Group 2015 $'000	Group 2014 $'000
Allowance for impairment of other receivables	(55)	-
Reversal of allowance for impairment on trade receivables	-	28
Bad debts recovered on trade receivables	-	1
Bad debts written off on trade receivables	-	(85)
Foreign exchange losses	(283)	(159)
Gain on disposal of plant and equipment	115	14
Gain on disposal of associate	368	-
Government grant income	133	122
Plant and equipment written off	(1)	-
Other income	142	84
Other expenses	(2)	-
Net	417	5
Presented in the profit or loss as:		
Other gains	758	249
Other losses	(341)	(244)
Net	417	5

7. Distribution costs

The major components include the following:

	Group 2015 $'000	Group 2014 $'000
Employee benefits expense	1,194	661
Freight charges	1,480	847

8. Employee benefits expense

	Group	
	2015	2014
	$'000	$'000
Employee benefits expense	6,501	6,090
Contributions to defined contribution plan	540	417
Others	239	180
	7,280	6,687
Included in:		
Cost of sales	1,694	1,494
Distribution costs	1,194	661
Administrative expenses	4,392	4,532
	7,280	6,687

9. Income tax

9A. Components of tax expense recognised in profit or loss

	Group	
	2015	2014
	$'000	$'000
Current tax		
Current tax expense	240	610
Adjustments to current tax in respect of prior years	(44)	(64)
Subtotal	196	546
Deferred tax		
Deferred tax expense/(income)	29	(12)
Subtotal	29	(12)
Total income tax expense	225	534

9. Income tax (cont'd)

9A. Components of tax expense recognised in profit or loss (cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2014: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2015	2014
	$'000	$'000
Profit before tax from continuing operations	3,975	5,270
Less: Share of results of equity-accounted joint ventures	(384)	(322)
	3,591	4,948
Income tax expense at the above rate	611	841
Non-deductible/(taxable) items	77	(9)
Income not subject to tax	(235)	-
Adjustments to current tax in respect of prior years	(44)	(64)
Tax rebates	(40)	(105)
Tax exemptions	(52)	(104)
Recognition of previously unrecognised tax losses	(76)	(53)
Others	(16)	28
Total income tax expense	225	534

There are no income tax consequences of dividends to owners of the company. Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

9B. Deferred tax expense/(income) recognised in profit or loss

	Group	
	2015	2014
	$'000	$'000
Excess of net book value of property, plant and equipment over tax values	20	10
Excess of tax values over net book value of property, plant and equipment	1	(7)
Provision for unutilised leave	8	(15)
Unutilised tax losses	94	53
Unutilised capital allowance	(18)	-
Recognition of previously unrecognised tax losses	(76)	(53)
	29	(12)

9. Income tax (cont'd)

9C. Deferred tax balance in statements of financial position

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Excess of net book value of property, plant and equipment over tax values	(300)	(280)	(81)	(108)
Excess of tax values over net book value of property, plant and equipment	34	35	-	-
Provision for unutilised leave	30	38	18	35
Unutilised tax losses	449	543	330	-
Unutilised capital allowance	18	-	18	-
Unutilised donations	-	-	16	-
Unrecognised deferred tax assets	(467)	(543)	(164)	-
Unutilised tax losses used in group reliefs	-	-	(184)	-
Unutilised capital allowance used in group reliefs	-	-	(16)	-
	(236)	(207)	(63)	(73)
Presented in statements of financial position as follows:				
Deferred tax assets	35	36	-	-
Deferred tax liabilities	(271)	(243)	(63)	(73)
	(236)	(207)	(63)	(73)

It is impracticable to estimate the amount expected to be settled or utilised within one year.

10. Profit from discontinued operation, net of tax

On 11 December 2014, a subsidiary, GB Chemicals Pte Ltd ("GB Chemicals"), entered into a sales and purchase agreement to dispose its equity interests in an associate, Systematic Laundry & Uniform Services Pte Ltd ("SLUS"), for an initial cash consideration of $1,994,000, and a subsequent tranche of $303,000 which is subject to the terms and conditions as stipulated in the sales and purchase agreement.

Accordingly, as at 31 December 2014, the investment in this associate was reclassified to assets and disposal group held for sale as required by FRS 105. This transaction was completed on 1 January 2015. On this date, the equity interests in SLUS were transferred to the acquirer.

10. Profit from discontinued operation, net of tax (cont'd)

The results for the reporting year ended 31 December 2014 from the discontinued operation, which had been included in the consolidated financial statements, were as follows:

	Group
	2014
	$'000
Profit from discontinued operations	259

During the current reporting year, a gain of $368,000 was recognised from the aforesaid disposal, being fair value of the consideration received and receivable on disposal less net carrying amount of the investment in the associate. No tax charge or credit arose from the transaction.

11. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted amount per share of no par value:

	Group	
	2015	2014
	$'000	$'000
Numerator: Earnings attributable to equity holders of the company		
Continuing operations	4,221	4,736
Discontinued operations	-	259
Total basic and diluted earnings	4,221	4,995
	No:'000	No:'000
Denominator: Weighted average number of equity shares		
Basic and diluted	164,531	164,531

The weighted average number of equity shares refers to shares in circulation during the reporting year.

12. Dividends

	Company	
	2015	2014
	$'000	$'000
Interim tax exempt (1-tier) dividend at $0.005 (2014: $0.005) per share	823	823

13. Property, plant and equipment

	Leasehold properties and improvements $'000	Plant and equipment $'000	Total $'000
Group			
Cost			
At 1 January 2014	5,125	10,113	15,238
Additions	-	788	788
Disposals	-	(290)	(290)
Written-off	-	(168)	(168)
Foreign exchange adjustments	129	194	323
At 31 December 2014	5,254	10,637	15,891
Additions	4	1,709	1,713
Disposals	-	(385)	(385)
Written-off	-	(112)	(112)
Foreign exchange adjustments	203	349	552
At 31 December 2015	5,461	12,198	17,659
Accumulated depreciation			
At 1 January 2014	3,539	7,835	11,374
Depreciation for the year	164	929	1,093
Disposals	-	(270)	(270)
Written-off	-	(168)	(168)
Foreign exchange adjustments	105	166	271
At 31 December 2014	3,808	8,492	12,300
Depreciation for the year	130	1,015	1,145
Disposals	-	(372)	(372)
Written-off	-	(111)	(111)
Foreign exchange adjustments	166	272	438
At 31 December 2015	4,104	9,296	13,400
Net book value			
At 1 January 2014	1,586	2,278	3,864
At 31 December 2014	1,446	2,145	3,591
At 31 December 2015	1,357	2,902	4,259

13. Property, plant and equipment (cont'd)

	Leasehold property and improvements $'000	Plant and equipment $'000	Total $'000
Company			
Cost			
At 1 January 2014	1,230	2,355	3,585
Additions	-	133	133
Disposals	-	(31)	(31)
Foreign exchange adjustments	56	116	172
At 31 December 2014	1,286	2,573	3,859
Additions	-	972	972
Disposals	-	(2,427)	(2,427)
Foreign exchange adjustments	87	163	250
At 31 December 2015	1,373	1,281	2,654
Accumulated depreciation			
At 1 January 2014	824	1,856	2,680
Depreciation for the year	15	180	195
Disposals	-	(26)	(26)
Foreign exchange adjustments	38	95	133
At 31 December 2014	877	2,105	2,982
Depreciation for the year	16	195	211
Disposals	-	(2,088)	(2,088)
Foreign exchange adjustments	60	134	194
At 31 December 2015	953	346	1,299
Net book value			
At 1 January 2014	406	499	905
At 31 December 2014	409	468	877
At 31 December 2015	420	935	1,355

Allocation of depreciation expense

	Group 2015 $'000	Group 2014 $'000
Cost of sales	330	387
Administrative expenses	815	706
	1,145	1,093

13. Property, plant and equipment (cont'd)

The following are properties held by the group at end of the reporting year:

Location of properties	Tenure	Gross land area (sqm)	Gross built-in area (sqm)	Existing use
No. 30 Gul Crescent, Jurong Singapore 629535	30+30 year lease with effect from 1 April 1981	5,217	1,550	Manufacture of lubricating oils and fluids
No. 18 Pioneer Sector 1 Singapore 628428	30+10 year lease with effect from 1 February 1979	8,426	1,837	Manufacture of lubricating oils and fluids
No. 19 Tractor Road Singapore 627977	22-year-and-4-month lease with effect from 29 October 1985 and extended to 31 December 2023	5,988	1,853	Toll-blend and manufacturer of chemicals and speciality chemicals

14. Goodwill

	Group	
	2015	2014
	$'000	$'000
Beginning and end of year	409	409

Goodwill is allocated to a cash generating unit ("CGU") for the purpose of impairment testing. This CGU represents the group's investment in GB Chemicals (see note 15).

The goodwill is tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of CGU's have been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the separate CGUs.

No impairment allowance was recognised by the group as the carrying amount of the CGU was lower than its recoverable amount.

The value in use was determined by management. The key assumptions for value in use calculations are those regarding the discount rate, growth rate and expected changes to selling prices and direct costs during the year. Management estimates the discount rate using pre-tax rate that reflects current market assessments of the time value of money and risks specific to the CGU. The growth rate is based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

14. Goodwill (cont'd)

The impairment test has been carried out using a discounted cash flow model covering a 5-year period. Cash flow projections are made based on current year's results with zero growth rate (2014: 3%). The estimated discount rate using pre-tax rate that reflects current market assessments at the risks specific to the CGU is 13.5% (2014: 13.5%).

Actual outcomes could vary from these estimates. If the revised estimated gross margin at the end of the reporting year had been 10% less favourable than management's estimates, the goodwill would have to be fully impaired. If the revised estimated pre-tax discount rate applied to the discounted cash flows had been 10% less favourable than management's estimates, the recoverable amount is still greater than the carrying value of the goodwill and no impairment for goodwill will be required. If the actual gross margin and pre-tax discounted rate had been more favourable than management's estimates, management would not be able to reverse any impairment losses that arose on goodwill because FRS 36 does not permit reversing an impairment loss for goodwill.

The value in use is a recurring fair value measurement (level 3) determined by management. The quantitative information on value in use measurement using significant unobservable inputs for the CGU are consistent with those used for the measurement last performed.

15. Investments in subsidiaries

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares at cost	3,650	3,982
Additions (a)	11,047	-
Foreign exchange adjustment	992	(332)
	15,689	3,650
Less: Allowance for impairment	(822)	(92)
Subtotal	14,867	3,558
Quasi-equity loan (b)	1,872	2,025
Foreign exchange adjustment	128	(153)
Subtotal	2,000	1,872
Total	16,867	5,430
Net book value of subsidiaries	37,050	23,951
Movement in allowance for impairment		
At beginning of year	92	100
Charge to profit or loss included in other losses (c)	724	-
Foreign exchange adjustment	6	(8)
At end of year	822	92

15. Investments in subsidiaries (cont'd)

(a) The additions during the reporting year ended 31 December 2015 comprise of the following:

(i) On 1 January 2015, the company acquired 60% of the equity interests in Heptalink Chemicals Pte Ltd ("Heptalink Chemicals") for a consideration of $825,000 (see note 16);

(ii) On 5 March 2015, the company established a subsidiary, AP Oil Singapore (Shanghai) Limited, in the People's Republic of China ("PRC") with a paid up capital of RMB1,000,000 (approximately $222,000); and

(iii) On 2 May 2015, the company transferred its business operations and certain assets to a subsidiary, AP Oil Pte Ltd. The transaction was satisfied by way of the issuance of 10,000,000 shares with a value of $10,000,000 in AP Oil Pte Ltd to the company.

(b) The quasi-equity loan set out above represents an interest-free loan from the company to its subsidiary, AP Vietnam Holdings Pte Ltd ("AP Vietnam"). This loan is not expected to be repaid in the foreseeable future. AP Vietnam in turn holds the group's 30% equity interest in the joint venture, AP Saigon Petro Joint Stock Company ("AP Saigon") (note 18).

(c) The additional allowance for impairment charged during the reporting year ended 31 December 2015 mainly relates to Heptalink Chemicals, which is a result of unfavourable conditions arising from the fall in crude oil prices.

Information on the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Held by the company				
A.I.M. Chemical Industries Pte Ltd [(a)]	Singapore	Toll-blending and manufacturing of speciality chemicals and trading of chemical products	100	100
Alpha Pacific Petroleum (S) Pte Ltd [(a)]	Singapore	Importers and exporters, and blending of lubricating oil and grease	100	100
AP Oil Pte Ltd [(a)]	Singapore	Importers and exporters of mineral, steel-related, oil and oil-related products as well as investment holding	100	100
GB Chemicals [(a)]	Singapore	Trading of cleaning and chemical products and equipment	100	100

15. Investments in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Axel Oil Pte Ltd [a]	Singapore	Dormant	100	100
AP Vietnam [a]	Singapore	Investment holding	100	100
Alpha Pacific Developments Holdings Pte Ltd [a]	Singapore	Dormant	100	100
Heptalink Chemicals Pte Ltd [b]	Singapore	Trading and distribution of chemicals	60	-
AP Oil Singapore (Shanghai) Ltd [c]	PRC	Dormant	100	-
Held through Alpha Pacific Petroleum (S) Pte Ltd				
AP Oil Limited [d]	United Kingdom	Dormant	-	100
Held through AP Oil Pte Ltd				
AP Tang Mining Phil. Corporation [e]	Philippines	Dormant	90	90

(a) Audited by RSM Chio Lim LLP in Singapore.
(b) Audited by Paul Go & Co, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.
(c) Not audited as it is immaterial.
(d) This subsidiary has been dissolved during the reporting year.
(e) Two shares, representing 0.008% interest in the subsidiary, are held in trust by certain directors of the company. Not audited as it is immaterial.

16. Acquisition of subsidiaries

As set out in note 15, the group acquired 60% of the equity interests in Heptalink Chemicals on 1 January 2015. From that date, the group obtained control and Heptalink Chemicals thus became a subsidiary (see note 15 for principal activities). The transaction was accounted for using the acquisition method of accounting.

The purchase consideration is as follows:

	2015 $'000
Cash paid	825

16. Acquisition of subsidiaries (cont'd)

The fair value of net assets acquired and liabilities assumed are determined through a purchase price allocation valuation carried out by management as follows:

	Pre-acquisition book value under FRS $'000	Fair value $'000
2015		
Inventories	212	212
Trade and other receivables	3,178	3,178
Cash and cash equivalents	1,627	1,627
Bank borrowings	(3,115)	(3,115)
Trade and other payables	(504)	(504)
Income tax payable	(23)	(23)
Net assets	1,375	1,375

	2015 $'000
Total purchase consideration	825
Non-controlling interests at fair value	550
Fair value of identifiable net assets acquired	(1,375)
	-

Accordingly, there was no goodwill arising from the above acquisition.

The non-controlling interests of 40% in Heptalink Chemicals at the acquisition date was measured based on the non-controlling interests' proportionate share of the net identifiable assets.

An analysis of the cash flows in respect of the acquisition is as follows:

	2015 $'000
Total cash consideration	825
Less: cash acquired	(1,627)
Less: advance payment made in prior year	(743)
Net cash inflow of cash and cash equivalents included in cash flows from investing activities	(1,545)

The contributions from Heptalink Chemicals for the period between the date of acquisition and the end of the reporting year are as follows:

	Group	
	From date of acquisition in 2015 $'000	For reporting year 2015 $'000
Revenue	11,227,426	11,227,426
Loss before income tax	(1,182,689)	(1,182,689)

17. Assets and disposal group held for sale

	Group 2015 $'000	Group 2014 $'000
Assets and disposal group held for sale		
Investment in associate at cost	-	750
Share of post-acquisition results, net of dividends received	-	877
Carrying value in statement of financial position	-	1,627
Movements in carrying value		
At beginning of year	1,627	1,368
Share of results for the year	-	259
Disposal	(1,627)	-
At end of year	-	1,627
Share of net book value of associate	-	1,627

As at 31 December 2014, the investment in associate was presented as held for sale following the decision of management on 11 December 2014 to dispose its entire equity interests in the associate, SLUS (see note10). The divestment was completed on 1 January 2015.

Information on the associate was as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Held through GB Chemicals				
SLUS (#)	Singapore	Laundry and dry cleaning services	-	38.21

(#) Equity-accounted based on financial statements audited by Ong Toon Wang & Co, a firm of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

The summarised financial information of the associate, not adjusted for percentage ownership held by the group, is as follows:

	Group 2015 $'000	Group 2014 $'000
Revenue	-	7,241
Profit for the year	-	589
Current assets	-	3,212
Non-current assets	-	2,686
Current liabilities	-	(1,169)
Non-current liabilities	-	(472)

	Group 2015 $'000	Group 2014 $'000
Reconciliation		
Net assets of associate	-	4,257
Proportion of the group's interest in associate	-	38.21%
Carrying amount of interest in associate	-	1,627

There were no significant restrictions on the ability of the associate to transfer funds to the group in the form of cash dividends.

18. Investments in joint ventures

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
At beginning of year	1,583	1,365	-	-
Additions	223	-	223	-
Share of results for the year	384	322	-	-
Dividends	(138)	(135)	-	-
Foreign exchange adjustment	29	31	-	-
At end of year	2,081	1,583	223	-
Carrying value comprising				
Unquoted equity shares at cost	1,520	1,297	223	-
Foreign exchange adjustment	(400)	(429)	-	-
Share of post-acquisition results, net of dividends received	961	715	-	-
	2,081	1,583	223	-
Share of net book value of joint ventures	2,081	1,583	223	-

Information on the joint ventures are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Held by the company				
AP Oil Singapore (Chongqing) Ltd ("AP Oil Chongqing") [(a)]	PRC	Dormant	51	-
Held through AP Vietnam				
AP Saigon [(b)]	Vietnam	Manufacturing and blending of all types of lubricants, additives and chemicals and provision of logistics services for lubricants, chemicals, additives and petroleum related products	30	30

(a) Not audited as it is immaterial.

(b) Audited by RSM DTL Auditing Company Ltd, a member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

18. Investments in joint ventures (cont'd)

18A. Joint venture – AP Oil Chongqing

AP Oil Chongqing was established on 24 August 2015 by the company and another entity. The parties expect the arrangement to benefit them in different ways. AP Oil Chongqing's legal form causes it to be a separate vehicle to be considered in its own right. The articles and association of AP Oil Chongqing establishes joint control of the activities of AP Oil Chongqing. The joint arrangement is carried out through a separate vehicle, whose legal form confers separation between the parties and the separate vehicle, and the parties have rights to the net assets of AP Oil Chongqing. The company recognises its rights to the net assets of AP Oil Chongqing as investment and account for it using the equity method.

AP Oil Chongqing is considered as an immaterial joint venture to the group. The summarised financial information for AP Oil Chongqing and the amounts (and not the group's share of those amounts) based on the financial statements of AP Oil Chongqing are set out below. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

	Group	
	2015 $'000	2014 $'000
Net assets of the joint venture	437	-

18B. Joint venture – AP Saigon

AP Saigon was established by the company and two other entities. The parties expect the arrangement to benefit them in different ways. AP Saigon's legal form causes it to be a separate vehicle to be considered in its own right. The shareholders' agreement establishes joint control of the activities of AP Saigon. The joint arrangement is carried out through a separate vehicle, whose legal form confers separation between the parties and the separate vehicle, and the parties have rights to the net assets of AP Saigon. The company recognises its rights to the net assets of AP Saigon as investment and account for it using the equity method.

The summarised financial information for AP Saigon and the amounts (and not the group's share of those amounts) based on the financial statements of AP Saigon are set out below. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

	Group	
	2015 $'000	2014 $'000
Dividends received from joint venture	138	135
Revenue	22,124	21,712
Profit for the year	1,280	1,072
Depreciation and amortisation	(11)	(4)
Interest income	387	458
Interest expense	(545)	(189)
Income tax expense	(361)	(331)
Current assets	16,160	17,350
Cash and cash equivalents	9,132	1,035
Non-current assets	846	732
Current liabilities	(10,797)	(12,791)
Current financial liabilities (excluding trade and other payables and provisions)	(8,071)	(11,988)

18. Investments in joint ventures (cont'd)

18B. Joint venture – AP Saigon (cont'd)

	Group	
	2015	2014
	$'000	$'000
Reconciliation		
Net assets of joint venture	6,209	5,291
Proportion of the group's interest in joint venture	30%	30%
Other adjustments	(5)	(4)
Carrying amount of interest in joint venture	1,858	1,583

19. Other financial assets, non-current

	Group and company	
	2015	2014
	$'000	$'000
Keyman life insurance policy as available-for-sale at fair value through other comprehensive income		
Fair value at beginning of year	776	724
Insurance premium recorded in profit or loss	(14)	(5)
Increase in fair value through other comprehensive income (note 25)	31	23
Foreign exchange adjustment	55	34
Fair value at end of year	848	776

The investment-linked keyman insurance policy relates to life insurance policy purchased by the company for one of its executive directors. The insured amount of the contract is US$3,000,000. After 15 years from date of commencement of the policy, the surrender value of the policy will be equal to the accumulated value of the policy.

The fair value of the policy is based on total cash surrender value of the contract stated in the annual statement of this policy (level 2) and the amount is approximately $848,000 (2014: $776,000).

20. Other assets

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current assets				
Prepayment for purchase of land (a)	661	619	-	-
Current assets				
Prepayments	318	340	39	293
Deposits to secure services	87	74	11	40
Payment made for acquisition of subsidiary (note 16)	-	743	-	743
	405	1,157	50	1,076

20. Other assets (cont'd)

(a) On 14 January 2008, a subsidiary of the company entered into an agreement with a Vietnamese company with the intention of establishing a joint arrangement for the purpose of acquiring three parcels of land in Vietnam. To this end, the subsidiary has made a deposit of US$468,800. However, as at 31 December 2015, the land purchase has not yet been completed nor has the joint arrangement been set up. These are also not expected to be finalised within the next 12 months from the end of the reporting year. Accordingly, the prepayment is classified as a non-current asset.

21. Inventories

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Finished goods and goods for resale	1,752	2,190	-	1,159
Raw materials	5,222	3,851	-	3,403
	6,974	6,041	-	4,562
Raw materials used	75,864	77,808	18,601	52,464
Write-down of inventories to profit or loss included in cost of sales	48	86	26	93
Changes in inventories of finished goods and goods for resale	(438)	10	(1,159)	(139)

There are no inventories pledged as security for liabilities.

22. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables				
Outside parties	16,567	8,733	1,203	3,914
Less: allowance for impairment	(714)	(682)	(710)	(677)
Subsidiaries (note 3)	-	-	-	110
Subtotal	15,853	8,051	493	3,347
Other receivables				
Other receivables	84	96	25	10
Less: allowance for impairment	(56)	-	-	-
Subsidiaries (note 3) (a)	-	-	6,230	2,413
Subtotal	28	96	6,255	2,423
Total trade and other receivables	15,881	8,147	6,748	5,770

(a) Included in other receivables due from subsidiaries is an amount of $1,647,704 (2014: $Nil) which is unsecured, bears interest at 3.5% (2014: Nil) per annum and is repayable within the next 12 months.

22. Trade and other receivables (cont'd)

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Movements in above allowance				
At beginning of year	682	689	677	655
Reversed for trade receivables to profit or loss included in other gains (note 6)	-	(28)	-	-
Charged for other receivables to profit or loss included in other losses (note 6)	55	-	-	-
Foreign exchange adjustments	33	21	33	22
At end of year	770	682	710	677

23. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not restricted in use	30,661	31,303	11,810	17,488
Cash pledged for bank facilities (a)	554	-	-	-
Cash at end of year	31,215	31,303	11,810	17,488
Interest earning balances (b)	9,619	13,987	532	2,720

(a) This amount is pledged to the bank for bank facilities granted to a subsidiary.

(b) The rate of interest for the cash on interest earning balances was between 0.05% and 1.59% (2014: 0.05% and 2.00%) per annum.

23A. Cash and cash equivalents in statement of cash flows

	Group	
	2015	2014
	$'000	$'000
Amount as shown above	31,215	31,303
Cash pledged for bank facilities	(554)	-
Cash and cash equivalents for statement of cash flows purposes at end of year	30,661	31,303

23B. Non-cash transactions

During the reporting year, the group acquired plant and equipment with a total cost of $Nil (2014: $35,000) by means of finance leases.

24. Share capital

Company	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
At 1 January 2014, 31 December 2014 and 31 December 2015	164,531	6,606

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

Capital management

In order to maintain its listing on the SGX-ST, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. Management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. Management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

External borrowings are insignificant. Accordingly, the debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

All reserves classified as retained earnings represent past accumulated earnings and are distributable. The other reserves are not available for cash dividends unless realised.

25. Other reserves

Group	Capital(#) reserve $'000	Fair value reserve $'000	Foreign currency translation $'000	Total $'000
At 1 January 2014	1,230	(59)	(2,343)	(1,172)
Increase in fair value of available-for-sale assets at fair value through other comprehensive income (note 19)	-	23	-	23
Exchange difference on translation from functional currency to presentation currency	-	-	1,056	1,056
Share of other comprehensive income from equity-accounted joint ventures, net of tax	-	-	140	140
At 31 December 2014	1,230	(36)	(1,147)	47
Increase in fair value of available-for-sale assets at fair value through other comprehensive income (note 19)	-	31	-	31
Exchange difference on translation from functional currency to presentation currency	-	-	2,096	2,096
Share of other comprehensive income from equity-accounted joint ventures, net of tax	-	-	(52)	(52)
Capitalisation of retained earnings by way of bonus issue of shares of a subsidiary	4,000	-	-	4,000
At 31 December 2015	5,230	(5)	897	6,122

(#) Capital reserve arose from the capitalisation of retained earnings by way of bonus issue of shares of subsidiaries to the company. The capital reserve is not available for cash dividends.

Company	Fair value reserve $'000	Foreign currency translation $'000	Total $'000
At 1 January 2014	(59)	(1,640)	(1,699)
Increase in fair value of available-for-sale assets at fair value through other comprehensive income (note 19)	23	-	23
Exchange difference on translation from functional currency to presentation currency	-	333	333
At 31 December 2014	(36)	(1,307)	(1,343)
Increase in fair value of available-for-sale assets at fair value through other comprehensive income (note 19)	31	-	31
Exchange difference on translation from functional currency to presentation currency	-	1,717	1,717
At 31 December 2015	(5)	410	405

26. Finance leases

Group 2015	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within 1 year	13	(1)	12
Due within 2 to 5 years	11	(1)	10
	24	(2)	22
Net book value of plant and equipment under finance leases			60

Group 2014	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within 1 year	13	(1)	12
Due within 2 to 5 years	23	(2)	21
	36	(3)	33
Net book value of plant and equipment under finance leases			76

There are leased assets under finance lease. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligation under finance lease is secured by the lessor's charge over the leased assets.

	2015	2014
Average lease term in years	3	3
Average effective borrowing rate per annum	2.99%	2.99%

27. Trade and other payables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables				
Outside parties and accrued liabilities	9,877	7,059	1,062	4,880
Subsidiaries (note 3)	-	-	202	189
Subtotal	9,877	7,059	1,264	5,069
Other payables				
Subsidiaries (note 3)	-	-	7,812	5,622
Deposits from customers	230	862	-	684
Other payables	73	5	-	-
Subtotal	303	867	7,812	6,306
Total trade and other payables	10,180	7,926	9,076	11,375

28. Financial instruments: information on financial risks

28A. Classification of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets				
Cash and bank balances	31,215	31,303	11,810	17,488
Loans and receivables	15,881	8,147	6,748	5,770
Available-for-sale assets at fair value through other comprehensive income	848	776	848	776
	47,944	40,226	19,406	24,034
Financial liabilities				
Trade and other payables measured at amortised cost (#)	9,950	7,064	9,076	10,691
Other financial liabilities measured at amortised cost	22	33	-	-
	9,972	7,097	9,076	10,691

Exclude deposits from customers

Further quantitative disclosures are included throughout these financial statements.

28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments including credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and actions to be taken in order to manage these risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge", favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk, as well as the objectives, policies and processes for managing the risk and the methods used to measure the risk.

28. Financial instruments: information on financial risks (cont'd)

28C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3, are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statements of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and disclosures of fair value are not made when carrying amount of current financial instruments is a reasonable approximation of the fair value.

28D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counter-parties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables, and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitment at the end of the reporting year. Credit risk on cash balances with banks and any financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 23 discloses the maturity of the cash and cash equivalent balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is between 30 to 90 days (2014: 30 to 90 days). However, certain customers may take a longer period to settle the amounts.

Ageing analysis of trade receivable amounts that are past due but not impaired:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
61 to 90 days	765	65	-	19
Over 90 days	1,762	2,384	491	1,493
	2,527	2,449	491	1,512

28. Financial instruments: information on financial risks (cont'd)

28D. Credit risk on financial assets (cont'd)

Ageing analysis of trade receivable amounts that are impaired:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Over 365 days	714	682	710	677

The allowance disclosed in note 22 on trade receivables is based on individual accounts totalling $714,000 (2014: $682,000) that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms of repayment and therefore there is no maturity.

Concentration of trade receivable customers at the end of reporting year:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Top 1 customer	4,237	1,550	384	1,550
Top 2 customers	7,175	2,920	486	1,936
Top 3 customers	9,266	3,315	491	2,113

28E. Liquidity risk – financial liabilities maturity analysis

The following table analyses non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year	1 to 5 years	Total
	$'000	$'000	$'000
2015			
Gross finance lease obligations	13	11	24
Trade and other payables (#)	9,950	11	9,950
	9,963	11	9,974
2014			
Gross finance lease obligations	13	23	36
Trade and other payables (#)	7,064	-	7,064
	7,077	23	7,100

Company	Less than 1 year	Total
	$'000	$'000
2015		
Trade and other payables (#)	9,076	9,076
2014		
Trade and other payables (#)	10,691	11,375

Exclude deposits from customers

28. Financial instruments: information on financial risks (cont'd)

28E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The above are the contractual undiscounted cash flows and differ from the amount included in the statements of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of reporting year, no claims on financial guarantees are expected.

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is approximately 30 to 90 days (2014: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activities are expected to generate sufficient cash inflows.

28F. Interest rate risk

Interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rates:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial assets with interest				
Fixed rate	2,000	2,000	-	-
Floating rate	7,619	12,763	532	3,496
	9,619	14,763	532	3,496
Financial liabilities with interest				
Fixed rate	21	33	-	-

	Group	
	2015	2014
	$'000	$'000
Financial assets		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant would increase pre-tax profit for the year by	76	128

The effect on pre-tax profit on a variation in interest rate of financial liabilities is not significant.

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

28. Financial instruments: information on financial risks (cont'd)

28G. Foreign currency risks

Analysis of amounts denominated in non-functional currencies is as follows:

Group 2015	United States dollars $'000	Singapore dollars $'000	Other currencies $'000	Total $'000
Financial assets				
Cash and cash equivalents	353	6,499	22	6,874
Trade and other receivables	253	1,279	-	1,532
Total financial assets	606	7,778	22	8,406
Financial liabilities				
Trade and other payables	44	1,825	52	1,921
Total financial liabilities	44	1,825	52	1,921
Net financial assets at end of year	562	5,953	(30)	6,485

Group 2014	United States dollars $'000	Singapore dollars $'000	Other currencies $'000	Total $'000
Financial assets				
Cash and cash equivalents	399	15,390	13	15,802
Trade and other receivables	428	3,721	-	4,149
Total financial assets	827	19,111	13	19,951
Financial liabilities				
Trade and other payables	224	3,564	-	3,788
Total financial liabilities	224	3,564	-	3,788
Net financial assets at end of year	603	15,547	13	16,163

28. Financial instruments: information on financial risks (cont'd)

28G. Foreign currency risks (cont'd)

Company 2015	Singapore dollars $'000	Other currencies $'000	Total $'000
Financial assets			
Cash and cash equivalents	3,538	12	3,550
Trade and other receivables	4,548	-	4,548
Total financial assets	8,086	12	8,098
Financial liabilities			
Trade and other payables	960	-	960
Total financial liabilities	960	-	960
Net financial assets at end of year	7,126	12	7,138

Company 2014	Singapore dollars $'000	Other currencies $'000	Total $'000
Financial assets			
Cash and cash equivalents	2,602	13	2,615
Trade and other receivables	3,182	-	3,182
Total financial assets	5,784	13	5,797
Financial liabilities			
Trade and other payables	1,683	-	1,683
Total financial liabilities	1,683	-	1,683
Net financial assets at end of year	4,101	13	4,114

There is exposure to foreign currency risk as part of the group's normal business.

28. Financial instruments: information on financial risks (cont'd)

28G. Foreign currency risks (cont'd)

Sensitivity analysis for significant items:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
A hypothetical 10% depreciation in exchange rate of functional currency against US$ would have an adverse effect on profit before tax of	(56)	(60)	-	-
A hypothetical 10% depreciation in exchange rate of functional currency against S$ would have an adverse effect on profit before tax of	(595)	(1,555)	(713)	(410)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the group has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in the future.

29. Items in profit or loss

In addition to profit or loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group	
	2015	2014
	$'000	$'000
Audit fees to independent auditor of the company	136	119
Other fees to independent auditor of the company	8	12
Audit fees to other independent auditors	11	3
Other fees to other independent auditors	2	3

30. Capital commitments

Estimated amounts committed at end of reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Commitment to purchase plant and equipment	119	401	-	379
Commitment to acquire subsidiary (note 16)	-	82	-	82
	119	483	-	461

31. Operating lease payment commitments

At end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases is as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Not later than 1 year	675	454	110	90
Later than 1 year but not later than 5 years	1,826	1,583	438	367
Later than 5 years	4,120	3,545	2,220	1,951
Rental expense for the year	931	439	31	84

Operating lease payments represent rentals payable for certain factory properties. The lease rental terms are negotiated for a term of 2 to 30 years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

32. Subsequent events

The following events took place after the end of the reporting year:

(i) On 22 January 2016, the company injected additional paid up capital of US$1,388,000 into AP Oil Singapore (Shanghai) Ltd, a subsidiary of the company; and

(ii) On 24 February 2016, the directors declared an interim dividend of $0.005 per share, amounting to $823,000. The interim dividend is payable in respect of all ordinary shares in issue on 9 March 2016.

33. Comparative figures

Certain reclassification has been made to the prior year's financial statements. The effect of the reclassifications is summarised as follows:

2014 Consolidated statement of cash flows	After reclassification $'000	Before reclassification $'000	Difference $'000
Cash flows from operating activities			
Other assets	(229)	(972)	743
Cash flows from investing activities			
Advance payment made for acquisition of subsidiary	(743)	-	(743)

In the prior year, cash outflow arising from advance payment made for acquisition of subsidiary was classified under cash flows from operating activities. This has been reclassified to cash flows from investing activities to better reflect the nature of the transaction.

The reclassification set out above does not have an impact on the financial position of the company as at 1 January 2014.

34. Changes and adoption of financial reporting standards

For the current reporting year the following new or revised FRS were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
FRS 19	Amendments to FRS 19: Defined Benefit Plans: Employee Contributions (*)
Various	Improvements to FRSs (Issued in January 2014). Relating to
	FRS 102 Share-based Payment (*)
	FRS 103 Business Combinations
	FRS 108 Operating Segments
	FRS 113 Fair Value Measurement
	FRS 16 Property, Plant and Equipment
	FRS 24 Related Party Disclosures
	FRS 38 Intangible Assets
Various	Improvements to FRSs (Issued in February 2014). Relating to
	FRS 103 Business Combinations
	FRS 113 Fair Value Measurement
	FRS 40 Investment Property (*)
	(*) Not relevant to the group.

35. Future changes in financial reporting standards

The following new or revised FRS that have been issued will be effective in the future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, financial performance, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 16 & 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements	1 Jan 2016
FRS 110 & 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2016
FRS 110, 112 & 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (*)	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
Various	Improvements to FRSs (Issued in November 2014) FRS 105 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal FRS 107 Financial Instruments: Disclosures - Servicing contracts FRS 19 Employee Benefits - Discount rate: regional market issue FRS 34 Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

(*) Not relevant to the group.

Information of Shareholdings

As at 16 March 2016

Issued and fully paid share capital	: SGD 6,605,611.78
Number of shares	: 164,531,172
Class of shares	: Ordinary shares
Voting rights	: One vote per share

Distribution of shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	23	1.49	884	0.00
100 – 1,000	142	9.21	73,053	0.04
1,001 - 10,000	515	33.43	3,286,224	2.00
10,001 - 1,000,000	849	55.09	43,811,287	26.63
1,000,001 and above	12	0.78	117,359,724	71.33
Total:	**1,541**	**100.00**	**164,531,172**	**100.00**

Shareholding held by the public

Based on the information available to the Company as at 16 March 2016, approximately 46.12% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Substantial shareholders

Names of shareholders	Direct interest No. of shares	% of shares	Deemed interest No. of shares	% of shares
Dr Ho Leng Woon[1]	61,406,250	37.32	17,531,250	10.66
Lau Woon Chan	17,531,250	10.66	61,406,250	37.32

Notes:-

1) Dr Ho Leng Woon is the husband of Mdm Lau Woon Chan. They are deemed to be interested in the shares held by each other.

Top Twenty Shareholders

	Name of Shareholder	No. of Shares	% of Shareholdings
1	Ho Leng Woon	61,406,250	37.32
2	Lau Woon Chan	17,531,250	10.66
3	Maybank Kim Eng Securities Pte Ltd	8,548,875	5.20
4	Phillip Securities Pte Ltd	7,709,562	4.69
5	UOB Kay Hian Pte Ltd	6,574,750	4.00
6	Ho Chee Hon (He Qihong)	3,168,937	1.93
7	Lau Tong Hong	3,037,500	1.85
8	Ho Aye Eng	2,785,375	1.69
9	DBS Nominees Pte Ltd	2,064,025	1.25
10	Raffles Nominees (Pte) Ltd	1,588,500	0.97
11	Han See Kwang	1,530,000	0.93
12	Abn Amro Clearing Bank N.V.	1,414,700	0.86
13	Han Choon Siang	862,000	0.52
14	United Overseas Bank Nominees Private Limited	847,088	0.51
15	Wong Man On	732,900	0.45
16	Choo Yuin Tien	715,312	0.43
17	Ng Zheng Xiong	687,000	0.42
18	Syn Chee Fong Elizabeth @ Tay Syn Chee Fong	674,999	0.41
19	Rick Franciscus Jozef Stopel	625,000	0.38
20	Tan Kia Choo David	597,250	0.36
	Total:	123,101,273	74.83

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting of the members of the Company will be held at 18 Pioneer Sector 1, Jurong Singapore 628428 on 25 April 2016 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions :-

AS ORDINARY BUSINESS

1. To receive and consider the Directors' Statements and Audited Financial Statements of the Company for the year ended 31 December 2015 and the Auditors' Report thereon. — Resolution 1

2. To re-elect the following director retiring pursuant to the Company's Constitution: — Resolution 2

   Dr Ho Leng Woon (Article 107)

3. To re-elect the following director retiring pursuant to the Company's Constitution: — Resolution 3

   Mdm Lau Woon Chan (Article 107)

4. To approve the Directors' Fees of SGD 90,000 for the year ending 31 December 2016, payable half-yearly in arrears. — Resolution 4

5. To re-appoint Messrs RSM Chio Lim LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. — Resolution 5

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolution as Ordinary Resolution, with or without amendments:

6. Proposed Share Issue Mandate — Resolution 6

   "That pursuant to Section 161 of the Companies Act, Cap. 50. and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

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

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

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

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

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

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

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

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

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

[See Explanatory Note (i)]

And to transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Note:

(i) The proposed Resolution 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 10% may be issued other than on a pro-rata basis to shareholders.

BY ORDER OF THE BOARD

LAU WOON CHAN
Company Secretary

Date: 8 April 2016

Notes:

a) A member entitled to attend and vote at a general meeting is entitled to appoint no more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.

b) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at a general meeting. Relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

   (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

c) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 30 Gul Crescent Jurong Singapore 629535 not less than 48 hours before the meeting.

d) A proxy need not be a member of the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) 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.

To the next

40 YEARS

proxy form

IMPORTANT
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We ____

of ____

being a member(s) of AP Oil International Limited (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the 2016 Annual General Meeting of the Company to be held on Monday, 25 April 2016 at 18 Pioneer Sector 1, Jurong Singapore 628428 at 3.00 p.m. 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 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 may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
1	Directors' Statements and Audited Financial Statements for the Financial Year Ended 31 December 2015		
2	Re-election of Dr Ho Leng Woon as Director		
3	Re-election of Mdm Lau Woon Chan as Director		
4	Approval of Directors' Fees		
5	Re-appointment of RSM Chio Lim as Auditors		
6	Authority to issue shares		

Signed this ______ day of ________________ 2016

Total number of shares held	

____

Signature or Common Seal of shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

IMPORTANT:

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, Cap. 289), 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, this form of proxy will be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the general meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.

3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the general meeting. Relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

   (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 30 Gul Crescent Singapore 629535 not later than 48 hours before the time set for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorized in writing or by an authorised officer of the corporation.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2016.

CORPORATE INFORMATION
集团资讯

Company Secretary
Ms Lau Woon Chan, BA
Mr. Ho Chee Hon, LLB (Hons), LLM

Registered Office
30 Gul Crescent
Jurong
Singapore 629535
Telephone (65) 6861 5503
Facsimile (65) 6861 9162
Email: enquiry@apoil.com.sg
Website: www.apoil.com.sg

Registrar
Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898

Auditors
RSM Chio Lim LLP
Public Accountants and Chartered Accountants
8 Wilkie Road
04-08 Wilkie Edge
Singapore 228095

Principal Bankers
DBS Group Holdings Limited
6 Shenton Way
DBS Building Tower One
Singapore 068809

Oversea - Chinese Banking Corporation Limited
65 Chulia Street
#11-00 OCBC Centre
Singapore 049513

ALPHA Pacific Petroleum (S) Pte Ltd
18 Pioneer Sector 1, Jurong
Singapore 628428
Telephone (65) 6862 2765
Facsimile (65) 6861 0259
Email: enquiry@apoil.com.sg
Website: www.apoil.com.sg

A.I.M. Chemical Industries Pte Ltd
19 Tractor Road, Jurong
Singapore 627977
Telephone (65) 6265 4700
Facsimile (65) 6266 5082
Email: enquiry@aimchem.com.sg
Website: www.aimchem.com.sg

GB Chemicals Pte Ltd
18 Pioneer Sector 1, Jurong
Singapore 628428
Telephone (65) 6863 0220
Facsimile (65) 6863 0200
Email: enquiry@gbchemicals.com.sg
Website: www.gbchemicals.com.sg

Heptalink Chemicals Pte Ltd
8 Shenton Way, #50-01,
AXA Tower, Singapore 068811
Tel: (65) 6709 5684
Fax: (65) 6709 5890
Email: enquiry@heptalink.com
Website: www.heptalink.com

AP Oil Singapore (Shanghai) Limited
Level 23, Citigroup Tower,
33 Huayuanshiqiao Road, Shanghai, China.
Tel: 86 (021) 61010106
Fax: 86 (021) 61010176

AP Oil Singapore (Chongqing) Limited
Room C1, 16F Langgao Kaiyue Business Building
No. 2 West Nanping Road
Nanan District
China 400060
Tel: 86 (023) 62826687
Fax: 86 (023) 68182339

AP Saigon Petro JSC
6B, Ton Duc Thang, District 1,
Ho Chi Minh City,
Vietnam
Telephone (84-8) 3822 4848
Facsimile (84-8) 3824 3959
Website: www.apsaigonpetro.com

AP Oil International Limited 30 Gul Crescent, Jurong, Singapore 629535
Telephone (65) 6861 5503 Facsimile (65) 6861 9162 Email: enquiry@apoil.com.sg Website: www.apoil.com.sg