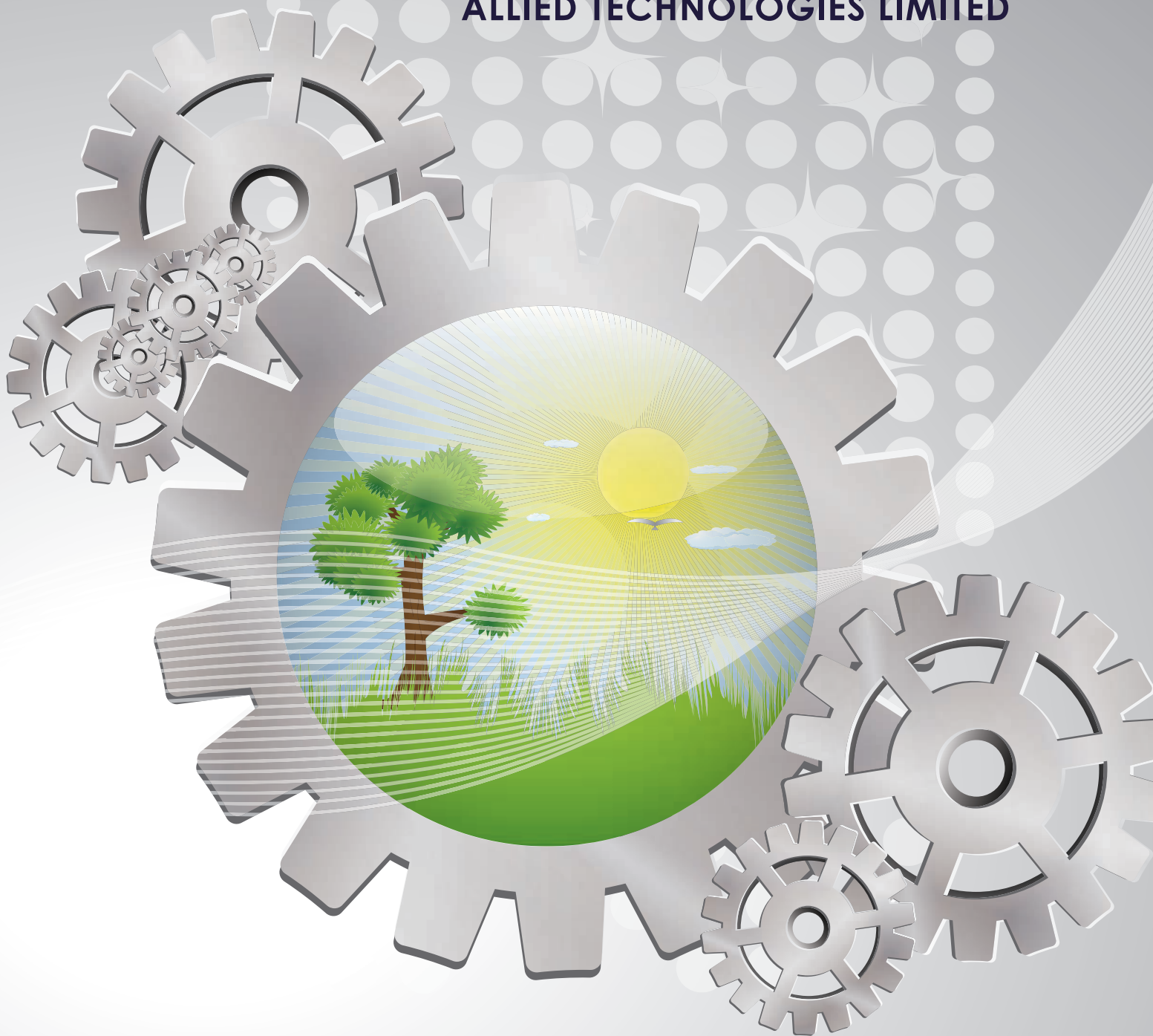


ALLIED

ALLIED TECHNOLOGIES LIMITED



**GEARING UP FOR THE
FUTURE**

ANNUAL REPORT 2014

CORPORATE INFORMATION

BOARD OF DIRECTORS*Executive Directors*

Mr Hsu Ching Yuh

Mr Soh Weng Kheong

Independent Directors

Mr Loo Choon Chiaw

Mr Sitoh Yih Pin

Prof Chua Tat Seng

AUDIT COMMITTEE*Chairman*

Mr Sitoh Yih Pin

Members

Mr Loo Choon Chiaw

Prof Chua Tat Seng

NOMINATING COMMITTEE*Chairman*

Mr Loo Choon Chiaw

Members

Mr Sitoh Yih Pin

Prof Chua Tat Seng

REMUNERATION COMMITTEE*Chairman*

Mr Loo Choon Chiaw

Members

Mr Sitoh Yih Pin

Prof Chua Tat Seng

REGISTERED OFFICE

11 Woodlands Close

#10-11 Woodlands 11

Singapore 737853

Telephone number: +65 6560 2011

Facsimile number: +65 6560 2055

AUDITORS

Ernst & Young LLP

Chartered Accountants

One Raffles Quay

Level 18 North Tower

Singapore 048583

Partner-in-charge: Ms Ho Shyan Yan

(Since Financial Year 2014)

COMPANY SECRETARY

Mr Chia Foon Yeow

SHARE REGISTRAR

Boardroom Corporate & Advisory Services
Pte. Ltd.

50 Raffles Place

Singapore Land Tower #32-01

Singapore 048623

PRINCIPAL BANKERS

DBS Bank Limited

Shanghai Pudong Development Bank

Bank of China

Standard Chartered Bank

LEGAL COUNSEL

Loo & Partners LLP

143 Cecil Street, Level 10, GB Building

Singapore 069542



OUR VISION

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

OUR MISSION

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

CONTENTS

02	Corporate Profile
03	Regional Presence
04	CEO Statement
06	Operation Review
07	Financial Highlights
08	Board of Directors
09	Key Management
10	Corporate Social Responsibility
11	Corporate Governance Report
28	Financial Statements
93	Statistics of Shareholdings
95	Notice of Annual General Meeting
	Proxy Form

CORPORATE PROFILE

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

To ride on the growing outsourcing trend in Asia by multinational corporations (“**MNCs**”), Allied Technologies set up its first overseas plant in Shanghai, China in 1997. Since then, the Group has established more production facilities at low-cost bases to be close to its customers and to improve its cost competitiveness. In March 2014, Allied Technologies has incorporated a new subsidiary in Thailand. Today, Allied Technologies has a total of seven productions facilities in Asia, specifically in Malaysia, China, Vietnam and Thailand.

The Group's major customers include Konica Minolta, Cal-comp Group and Flextronics Group, who have been customers of Allied Technologies for over a decade, as well as MNCs such as Samsung, Brose Group, Fujixerox, Canon, Jabil Group and Hewlett Packard Group. Major product segments range from computer and computer peripherals, consumer electronics equipment, office equipment, audio and visual equipment to automotive parts.



REGIONAL PRESENCE



CEO STATEMENT

Dear Shareholders

On behalf of the Board of Directors of Allied Technologies Limited ("**the Company**"), together with all its subsidiaries, collectively "**the Group**", I am pleased to present the Company's annual report for the financial year ended 31 December 2014 ("**FY2014**").

FOCUSING ON THE FUTURE

In FY2014, the global economy has recorded a marginal growth, and similarly, the Group has recorded a slight growth in revenue in FY2014 compared to FY2013. However, the business environment is expected to remain challenging and uncertain. The Group will hence be exploring business opportunities and focus on improving the efficiencies and productivity of the Group in FY2015.

The Group reported a revenue of S\$99.6 million in FY2014 as compared to that of S\$98.7 million in FY2013, representing a marginal 0.9% increase. However, the total revenue registered in FY2014 is 16.6% lower than that of S\$123.2 million in FY2013 due to a gain on disposal of assets of the Group in FY2013.

The Group is still facing difficult challenges arising not only from the weaker precision engineering business, but also from the relocation of plants of its Suzhou subsidiary in the People's Republic of China ("**PRC**"). However, the Group's PRC subsidiaries remains as the regional revenue contributor and accounted for 54.9% of the Group's revenue, followed by its Vietnam subsidiary which accounted for 30.1% of the Group's revenue.

The Group's Shanghai subsidiary recorded lower sales due to a decline in customer demand while the effect of the relocation of office and factory premises of the Group's Suzhou subsidiary as a result of the compulsory land acquisition caused it to register lower sales. However, the decrease in sales was partially offset by the improvement in sales by the Dongguan and Vietnam subsidiaries from its major customers. With the new office and factory premises as well as facilities of the Suzhou subsidiary, we are optimistic that the PRC subsidiaries will collectively remain as the core production base of the Group and will be able to enhance its performance in the years ahead.



CEO STATEMENT

With a 39.7% growth in revenue, the Group's Vietnam subsidiary emerged to be the largest revenue contributor amongst all the subsidiaries of the Group in FY2014. The significant contribution from the Vietnam subsidiary was due to new projects that were awarded to it by existing major customers. Given the upward growing trend of Vietnam's GDP and the potential strengthening of its macroeconomy in FY2015, we are viewing Vietnam as a viable emerging market with room for the Group's business growth and opportunities.

The Group's Singapore holding company and Malaysia subsidiary recorded an increase of 45.3% in revenue compared to that in the prior year as a result of higher demand from its existing customers. To maintain our positive position, we will continue to stay efficient by exploring ways to increase our business growth and reduce our expenses.

FUTURE OUTLOOK AND PROSPECTS

In FY2015, we expect a cautious and challenging business outlook in view of the increasing production costs across the region and stiff pricing competition.

Moving forward, the Group will continue to explore all avenues for business opportunities to further improve the financial position of the Group and focus on improving the Group's efficiencies and productivity. With such commitment, we strongly believe that the Group will be able to withstand all economic headwinds that lie ahead.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to thank our management and staff for their unwavering dedication, hard work and contribution to the Group, and to express my heartfelt appreciation to our valued customers, suppliers, business partners and associates for their continued support and confidence in the Group. Last but not least, I would like to express my deepest thanks to our shareholders for their relentless support and belief in the Group. We will strive to deliver stronger shareholders' value in the coming years.

Hsu Ching Yuh @ Sheu Ching Yuh

CEO & Group Managing Director

OPERATION REVIEW

In the financial year ended 2014 ("FY2014"), despite all the economic challenges faced by the Group which were beyond its control and prediction, the Group managed to see a marginal growth in its sales.

The Group's reported revenue in FY2014 was S\$99.6 million, being 0.9% higher than the reported revenue in FY2013 of S\$98.7 million. Nonetheless, the Group's total revenue decreased from S\$123.2 million in FY2013 to S\$102.7 million in FY2014 due to the recognition of significant gain on disposal of property, plant and equipment in FY2013.

In view of increasing production costs across the region and stiff pricing competition, the Group recorded an operating loss of S\$2.5 million in FY2014 as compared to operating profit of S\$13.0 million in FY2013. However, included therein was an impairment loss on property, plant and equipment and investment property of S\$2.7 million which has no actual cash flow impact on the Group.

With the stellar increase in sales registered by the Group's Vietnam subsidiary and the decline in sales by the Group's PRC subsidiaries, the dependency of the Group's revenue on its PRC subsidiaries has been diminished. The lower sales recorded by the Group's PRC subsidiaries was mainly due to lower sales orders from customers and the relocation of Suzhou subsidiary's office and factory premises.

In terms of raw materials and consumables usage, it has decreased slightly to S\$57.8 million in FY2014 as compared to that of S\$58.4 million in FY2013. This is attributable to the tightened control on inventory usage in order to minimise inventory wastage.

The Group's other operating expenses decreased by 14.5% to S\$16.9 million in FY2014 as compared to that of S\$19.8 million in FY2013. This decrease was a result of the efforts taken to reduce other operating expenses such as packaging expenses and administrative expenses.

As mentioned above, the Group incurred an impairment loss on property, plant and equipment and investment property of S\$2.7 million in FY2014. The impairment loss was incurred by the Group's PRC subsidiaries arising from a significant shortfall of the assets' recoverable amount (market value determined by independent valuers) as compared with its carrying amount.

GEOGRAPHICAL CONTRIBUTION

PEOPLE'S REPUBLIC OF CHINA (PRC)

Revenue contribution from the Group's PRC subsidiaries comprised 54.9% of the Group's total sales in FY2014 as compared to 67.9% in FY2013. The decrease was mainly due to the reduction in sales for data storage and computer peripheral related products.

The Group's Shanghai subsidiary encountered lower sales due to a decline in customer demand and the lack of new big projects. In light of the compulsory land acquisition by the Suzhou local authorities and the corollary relocation of its office and factory premises resulting in an interruption to production, the Group's Suzhou subsidiary also experienced lower sales. However, the Group's Dongguan subsidiary remains profitable with sales orders from its major customers comparable to that of FY2013.

Overall, the surge in operating and production costs in the PRC was due to the gradual rise in the minimum wage requirement as well as the inflationary business environment. As a result, the Group's PRC subsidiaries recorded a total negative bottom-line for FY2014.

VIETNAM

The Group's Vietnam subsidiary experienced a tremendous revenue increase of 39.7% to S\$29.9 million in FY2014 as compared to that of S\$21.4 million in FY2013. The improved top line was mainly contributed by the copier assembly project and its sheet metal and plastic divisions.

With a higher sales recorded, the Group's Vietnam subsidiary registered profit for FY2014. We will continue to expand the business in Vietnam and to explore new opportunities of higher margin project aimed at achieving a better result in FY2015.

SINGAPORE AND MALAYSIA

The Group's Singapore holding company and Malaysia subsidiary saw their sales improve, attaining a combined revenue of S\$15.0 million in FY2014 as compared to that of S\$10.3 million in FY2013. The improvement was due to the increase in sales of plotter and structural kiosks products.

THAILAND

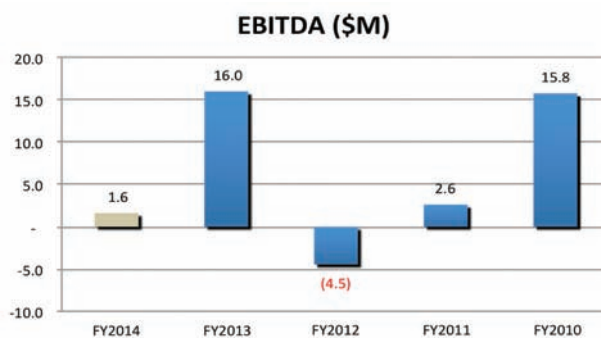
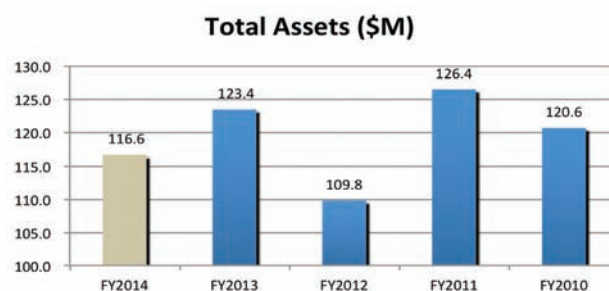
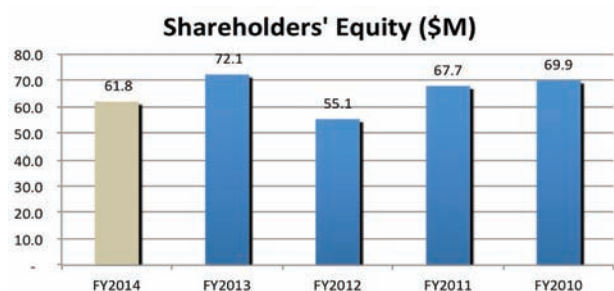
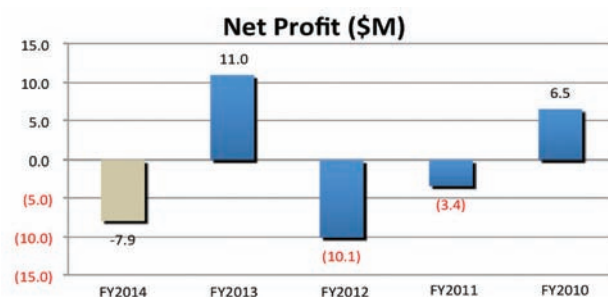
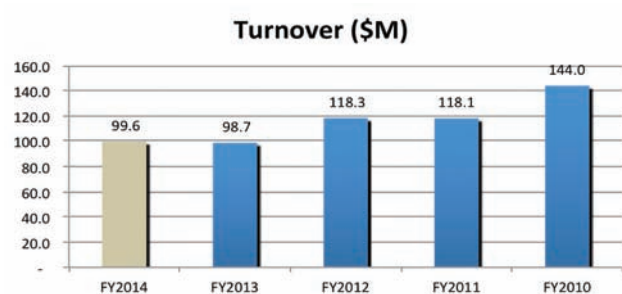
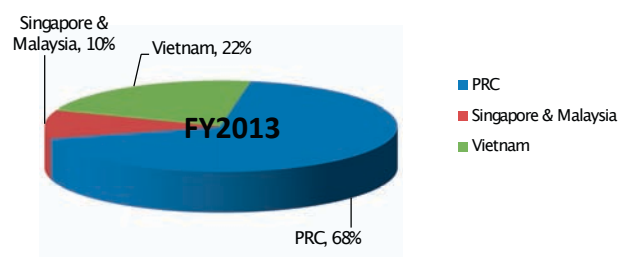
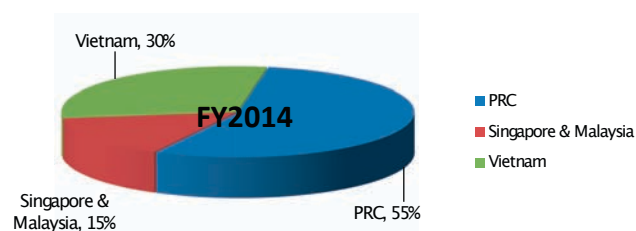
We have set up operation in Thailand within close proximity of our customer site. We have begun production in 4Q2014, supplying printer and copier parts to Cal-comp, which is producing for Hewlett Packard and Konica Minolta respectively.

In summary, the Group generated an operating loss of S\$2.5 million in FY2014 and a net loss after tax of S\$7.9 million. The net loss is derived after accounting for the reversal of deferred tax assets in the PRC subsidiaries of S\$5.1 million and impairment loss on property, plant and equipment and investment property of S\$2.7 million. Without taking into account the tax and impairment loss, the Group was actually operating at a breakeven level.

With concerted and valiant efforts, we will make every endeavour to further explore ways to reduce our expenses diligently, as well as restrict our operations in these areas so as to stay efficient.

FINANCIAL HIGHLIGHTS

TURNOVER BY GEOGRAPHICAL LOCATION



BOARD OF DIRECTORS



Mr Hsu Ching Yuh @ Sheu Ching Yuh
CEO and Group Managing Director

Mr Hsu Ching Yuh @ Sheu Ching Yuh, the founder of our Group, is actively involved in our strategic development, expansion and also oversees the overall operational activities of the Group. Under his leadership, the Group expanded its services from the mass production of stamped metal parts to become a fully integrated one-stop metal solutions provider. He has over 32 years of experience in the metal stamping and precision engineering industry. Mr Hsu holds a Diploma in Precision Engineering from Taiwan Taoyuan Poly-Technic. He is the Honorary President of the Taipei Business Association in Singapore and serves as a School Advisor to Lakeside Primary School.



Mr Soh Weng Kheong
Executive Director and Group Deputy Managing Director

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



Mr Loo Choon Chiaw
Lead Independent Director, Chairman of the Nominating Committee and Remuneration Committee

Mr Loo Choon Chiaw was appointed as our independent director on 13 May 2003 and was last re-elected on 24 April 2013. He has been practising as an Advocate and Solicitor of the Supreme Court of Singapore since 1981 and is currently the Managing Partner of Loo & Partners LLP, a law firm based in Singapore. He qualified as a Barrister-at-Law of the Lincoln's Inn, London and obtained his Master of Law degree from the University of London. He is a fellow of the Chartered Institute of Arbitrators, London, and a member of the Panel of Arbitrators of the Beijing Arbitration Commission and the Wuhan Arbitration Commission respectively. Mr Loo is also an independent director of another public company listed on the SGX-ST. Mr Loo accepted the appointment of the Honorary Consul and Head of Post of the Principality of Liechtenstein in Singapore in June 2013, and has been acting in that official capacity since then.



Mr Sitoh Yih Pin
Independent Director, Chairman of the Audit Committee

Mr Sitoh Yih Pin was appointed as an Independent Director of the Company on 13 May 2003 and was last re-elected on 24 April 2013. He serves as Chairman of the Audit Committee and is also a member of the Nominating and Remuneration Committees. Mr Sitoh does not hold any shares in the Company or any of its subsidiaries.

Mr Sitoh is a Chartered Accountant and a director of Nexia TS Public Accounting Corporation. Mr Sitoh is the Member of Parliament for Potong Pasir constituency. He is also presently a director of several publicly listed companies.

Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is a Fellow member of both the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in Australia.



Prof. Chua Tat Seng
Independent Director

Prof. Chua Tat Seng was appointed on 13 May 2003 and was last re-elected on 25 April 2014. He is the KITHCT Chair Professor at the School of Computing, National University of Singapore (NUS). He is also the co-Director of a joint research center on extreme search between NUS and Tsinghua University in Beijing, China. Prof Chua's research focuses are in multimedia search engines and social media analysis. He has served as the conference and technical program committee chairs of numerous international conferences in multimedia and text processing. He currently serves on the editorial boards of several top ranking international journals. He is the Chair of Steering Committee of the International Conference on Image and Video Retrieval, and Multimedia Modeling conference series; and as member of International Review Panel of a large-scale research project in Europe. He co-founded two startup companies in the area of image/video search and social media analytics.

Prof. Chua holds a Doctorate of Philosophy (Ph.D) from the University of Leeds, United Kingdom.

KEY MANAGEMENT

MS TAN SIANG KENG

Group General Manager

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

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

Ms Tan is a member of both CPA Australia and Institute of Singapore Chartered Accountants.

MR TUNG GEE KHIM

Group Operations Manager

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

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

MR TAN LAY THIAM

Deputy General Manager

(Engineering/ Technical for China Region)

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

This report outlines the Company’s corporate governance practices and structures in the financial year ended 31 December 2014 (“**FY2014**”), with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the “**Code**”). Deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

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

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

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

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

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

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

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

		Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
Name	Position	Numbers of meeting							
		Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Hsu Ching Yuh @ Sheu Ching Yuh	CEO and Group Managing Director	4	4	-	-	-	-	-	-
Mr Soh Weng Kheong	Executive Director and Group Deputy Managing Director	4	4	-	-	-	-	-	-
Mr Loo Choon Chiaw	Lead Independent Director	4	4	4	4	1	1	1	1
Mr Sitoh Yih Pin	Independent Director	4	4	4	4	1	1	1	1
Prof Chua Tat Seng	Independent Director	4	4	4	4	1	1	1	1

CORPORATE GOVERNANCE REPORT

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

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

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

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

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

Currently, the Board consists of five (5) Directors, of whom three (3) are considered independent by the NC. The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director in its review and the NC is of the view that Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng are independent. The strong independent element on the Board enables the Management to benefit from external diverse and objective perspective of issues raised. It also allows for constructive exchange of ideas and views to shape the strategic policies of the Group. As there are three (3) Independent Directors on the Board, the prevailing applicable requirement of the Code that at least half of the Board be comprised of Independent Directors where the Chairman of the Board and the Chief Executive Officer is the same person is satisfied. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. All the board committee meetings are chaired by the Independent Directors.

Each of Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng has been the Independent Director of the Board for more than nine years. The Board, with the concurrence of the NC, has rigorously reviewed the respective independence of each of them and considered the need for progressive refreshing of the Board, their respective working experience and contributions. The Board is satisfied that each of them is independent in character and judgement, and found no reason to understand that the length of their respective service has in any way dimmed their respective independence. Given their respective wealth of business, working experience and professionalism in carrying out their duties, the NC had found each of Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng suitable to continue to act as an Independent Director. The Board has accepted the NC's recommendation that each of Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng was considered independent. Each of Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng has abstained from deliberating on their respective independence.

The Board has examined its size and is of the view that it is an appropriate size for effective decision making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process currently.

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr Hsu Ching Yuh @ Sheu Ching Yuh, the Chief Executive Officer and Group Managing Director, assumes the responsibility of the Chairman. The Board is of the view that there is a strong independent element on the Board to enable exercise of objective judgment of corporate affairs in the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board, as well as the size and scope of the Group's affairs and operations.

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

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

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng, all of whom are Independent Directors. The Chairman of the NC is Mr Loo Choon Chiaw. The NC meets at least once a year. The main terms of reference of the NC are as follows:

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

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

The NC has reviewed and confirmed the independence of Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng. Mr Hsu Ching Yuh @ Sheu Ching Yuh and Mr Soh Weng Kheong were each considered non-independent. The NC is satisfied that the respective Directors have been carrying out their duties fittingly.

In assessing the performance of each individual Director, the NC considers whether he has multiple board representations and other principal commitments, and is able to and adequately carried out his duties as a Director notwithstanding such commitments. The NC is satisfied that sufficient time and attention to the affairs of the Company have been given by those Directors who have multiple board representations.

The Board did not fix the maximum number of listed company board representations and other principal commitments which any Director may hold as currently, none of the Directors hold more than four (4) directorships in other listed companies. However, the Board will fix the maximum number of listed company board representations and other principal commitments which any Director may hold when the Board deems it to be necessary.

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 4: BOARD MEMBERSHIP (CONT'D)

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

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

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

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

Name	Position	Date of Appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Mr Hsu Ching Yuh @ Sheu Ching Yuh	CEO and Group Managing Director	28 Feb 1994	NA	-	-
Mr Soh Weng Kheong	Executive Director and Group Deputy Managing Director	30 Jun 1994	25 April 2014	-	-
Mr Loo Choon Chiaw	Lead Independent Director	13 May 2003	24 April 2013	AA Group Holdings Ltd.	-
Mr Sitoh Yih Pin	Independent Director	13 May 2003	24 April 2013	Lian Beng Group Ltd; United Food Holdings Limited; Talkmed Group Limited; and ISEC Healthcare Ltd	Chinasing Investment Holdings Limited; Meiban Group Ltd; and Nera Telecommunications Ltd
Prof Chua Tat Seng	Independent Director	13 May 2003	25 April 2014	-	-

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 5: BOARD PERFORMANCE

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

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

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

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

PRINCIPLE 6: ACCESS TO INFORMATION

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

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

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

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

Each member of the Board has independent access to the Group's independent professional advisers. Any cost of professional advice obtained will be borne by the Company.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises the three Independent Directors, namely Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng. Mr Loo Choon Chiaw is the Chairman of the RC. The RC meets at least once a year. The main terms of reference of the RC are as follows:

- to recommend to the Board a framework of remuneration for the Directors and the key management personnel.
- to determine specific remuneration packages for each executive director as well as for the key management personnel. The RC's recommendations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and senior management's fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits in kind are covered by the RC. If necessary, expert advice shall be sought inside and/or outside the Company on remuneration of all directors.
- to review and recommend to the Board any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith by considering whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes.
- to consider the use of contractual provisions to allow Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.
- to consider the various disclosure requirements for directors' and key executives' remuneration, particularly those required by regulatory bodies such as the Singapore Exchange Securities Trading Limited, and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.
- in the case of service contracts of directors, to review and to recommend to the Board the terms of renewal and termination clause of the service contracts. The RC will be fair and avoid rewarding poor performers, and will ensure that such contracts of services contain reasonable termination clauses which are not overly generous.
- to carry out such other duties as may be agreed to by the Remuneration Committee and the Board.

The RC members are familiar with executive compensation matters as they are performing executive functions in the companies where they are employed and/or are holding directorships in other public listed companies. The members of the RC do not participate in any decisions concerning their own remuneration package.

The RC also oversees the administration of the Allied Technologies Share Option Scheme (the "Scheme"), which was approved at the Extraordinary General Meeting held on 22 April 2005. For information on the Scheme, please refer to the "Directors' Report" and the "Notes to the Financial Statements" sections of this Annual Report.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

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

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

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

A breakdown showing the percentage mix of remuneration of each of the Directors of the Company for FY2014 is as follows:

Directors	Salary*	Bonus*	Profit sharing	Directors' Fees**	Benefits-in-kind and Others	Total
\$250,001 to \$500,000						
Mr Hsu Ching Yuh @ Sheu Ching Yuh	95%	5%	-	-	-	100%
Mr Soh Weng Kheong	95%	5%	-	-	-	100%
Up to \$250,000						
Mr Loo Choon Chiaw	-	-	-	100%	-	100%
Mr Sitoh Yih Pin	-	-	-	100%	-	100%
Prof Chua Tat Seng	-	-	-	100%	-	100%

* Salary and bonus are inclusive of CPF

** Subject to shareholders' approval at the AGM

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

The Company granted share options in FY2005. Details of the Scheme are disclosed in the "Directors' Report" and the "Notes to the Financial Statements" sections of this Annual Report. There were no options granted to the Directors or any staff during the financial year ended 31 December 2014.

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

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 9: DISCLOSURE ON REMUNERATION (CONT'D)

The Company believes that a full disclosure as recommended by the Code would be prejudicial to the Company's interest. The annual aggregate remuneration paid to the top five key management personnel of the Company (who are not Directors or the CEO) for FY2014 is S\$821,521. The Company has instead presented the information as follows:-

Key Executives	Salary*	Bonus*	Benefits-in-kind and Others	Total
\$250,001 to \$500,000				
Ms Tan Siang Keng	95%	5%	-	100%
Up to \$250,000				
Mr Tan Lay Thiam	92%	2%	6%	100%
Mr Ong Hock Soon ⁽¹⁾	93%	-	7%	100%
Mr Tung Gee Khim	95%	5%	-	100%
Mr Lee Chee Keong ⁽²⁾	100%	-	-	100%

* Salary and bonus are inclusive of CPF

- (1) Mr Ong Hock Soon, the former Deputy General Manager of Suzhou subsidiary, resigned and left the Company on 18 November 2014.
- (2) Mr Lee Chee Keong, the former Group Financial Controller of the Company, resigned and left the Company on 28 April 2014.

There were no termination, retirement or post-employment benefits granted to the Directors, the CEO and the top five key management personnel of the Company (who are not Directors or the CEO) for FY2014.

There is no employee who is an immediate family member of a Director or the CEO whose remuneration exceeds \$50,000 during the financial year under review.

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

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

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

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

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

The CEO and the Group Financial Controller[^] have provided a letter of confirmation that as at the end of FY2014, (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (b) the Company's risk management and internal control system are effective.

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

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

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three (3) Independent Directors, namely Mr Sitoh Yih Pin, Mr Loo Choon Chiaw and Prof Chua Tat Seng. Mr Sitoh Yih Pin is the Chairman of the AC.

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

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

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

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 12: AUDIT COMMITTEE (CONT'D)

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

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

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

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

Summary of the AC's activities

The AC met four (4) times during the year under review. Details of members' attendance at the meetings are set out on page 11. The Group Financial Controller[^], Company Secretary, internal auditors and external auditors are invited to these meetings. Where appropriate, other members of the senior management are also invited to attend as appropriate to present reports.

The AC has met four (4) times with the external auditors and two (2) times with the internal auditors respectively. The AC has met one (1) time with the external auditors and internal auditors respectively without the presence of the management in FY2014.

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

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

The AC has reviewed all the non-audit services provided to the Company by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, has confirmed their re-nomination. The aggregate amount of fees paid to the Company's external auditors and its member firms for FY2014 was S\$344,776, of which audit fees amounted to S\$315,000 and non-audit fees amounted to S\$29,776.

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

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

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 13: INTERNAL AUDIT

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

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

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

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

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

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

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

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

PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION

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

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

Resolutions are as far as possible, structured separately and may be voted upon independently. Resolutions are passed at general meetings by hand and by poll, if required.

While acknowledging that voting by poll is integral to the enhancement of corporate governance, the Company is concerned over the cost effectiveness and efficiency of the polling procedures which may be logistically and administratively burdensome. Electronic polling may be efficient in terms of speed but may not be cost effective. The Board will adhere to the requirements of the Listing Rules where all resolutions are to be voted by poll for general meetings held on and after 1 August 2015.

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

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTION

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

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

There was no interested person transactions entered into with individual transaction value of more than \$100,000 during the financial year ended 31 December 2014.

DEALINGS IN SECURITIES

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

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

RISK MANAGEMENT

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

MATERIAL CONTRACTS AND LOANS

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

CORPORATE GOVERNANCE REPORT

Disclosure on Compliance with the Code of Corporate Governance 2012

Guideline	Questions	How the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	(a) The Company has complied with all the principles and guidelines of the Code, save for the following: disclosure of the remuneration of directors and key management personnel The Company has not disclosed exact details of the remuneration of each individual Director as it is not in the best interest of the Company and employees to disclose such details due to the sensitive nature of such information. maximum number of listed company board appointments which a director may hold The Company has not determined a maximum number of listed company board appointment which any Director may hold as currently, none of the Directors hold more than four (4) directorships in other listed companies and the NC is satisfied that sufficient time and attention to the affairs of the Company have been given by those Directors with multiple board representations.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	(b) disclosure of the remuneration of directors and key management personnel The RC recommends to the Board a framework of remuneration for the Board and the senior management to ensure that the structure of remuneration is competitive and sufficient to attract, retain and motivate the Directors and senior management personnel. The recommendations of the RC on the remuneration of Directors and senior management personnel will be submitted for endorsement by the Board. The members of the RC do not participate in any decisions concerning their own remuneration. maximum number of listed company board appointments which a director may hold In assessing the performance of each individual Director, the NC considers whether he has multiple board representations and other principal commitments, and is able to and adequately carried out his duties as a Director notwithstanding such commitments. The Board will also fix the maximum number of listed company board representations and other principal commitments which any Director may hold when the Board deems it to be necessary.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	(a) Please refer to Principle 1 of the Corporate Governance Report.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees? (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate. (c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(a) The Board believes in having an appropriate balance and diversity of skills, experience, and knowledge. (b) The current composition of the Board comprises directors who as a group provide an appropriate balance and diversity of skills, experience, and knowledge to the Group. The Directors also provide core competencies such as accounting or finance, business or management or legal experience, industry knowledge, strategic planning experience and customer-based experience or knowledge required for the Board to be effective. The NC will review the gender diversity of the Board for suitable appointment. (c) The Nominating Committee has put in place a formal and transparent process for all appointments to the Board. It has adopted written terms of reference defining its membership, administration and duties. As part of the process for the selection, appointment and re-appointment of Directors, the Nominating Committee takes into consideration the following issues: composition, diversity and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to Principle 4 of the Corporate Governance Report for details on the nomination process.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why. (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	(a) No new Directors were appointed in FY2014. Please refer to paragraph 5 of Principle 1 of the Corporate Governance Report. (b) Please refer to paragraphs 8 and 9 of Principle 1 of the Corporate Governance Report.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	(a) The Board has not determined a maximum number of listed company board appointments which any Director may hold.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
	(b) If a maximum number has not been determined, what are the reasons? (c) What are the specific considerations in deciding on the capacity of directors?	(b) A maximum number has not been determined as currently, none of the Directors hold more than four (4) directorships in other listed companies and the NC is satisfied that sufficient time and attention to the affairs of the Company have been given by those Directors with multiple board representations. However, the Board will fix the maximum number of listed company board representations and other principal commitments which any Director may hold when the Board deems it to be necessary. (c) For the assessment of capacity of Directors, their competencies as well as their commitment, contribution and performance (including attendance at meetings) during the financial year will be considered.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	(a) Please refer to Principle 5 of the Corporate Governance Report. (b) Yes. The Nominating Committee has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. As there are three (3) Independent Directors on the Board, the prevailing applicable requirement of the Code that at least half of the Board be comprised of Independent Directors where the Chairman and the Chief Executive Officer is the same person is satisfied.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(a) No. (b) Not applicable.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Mr Loo Choon Chiaw, Mr Sitoh Yih Pin and Prof Chua Tat Seng have served on the Board for more than nine years. The Board has rigorously reviewed the respective independence of each of them and considered the need for progressive refreshing of the Board, their respective working experience and contributions. The Board is satisfied that each of them is independent in character and judgement, and found no reason to understand that the length of their respective service has in any way dimmed their respective independence.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has not disclosed exact details of the remuneration of each individual Director as it is not in the best interests of the Company and employees to disclose such details due to the sensitive nature of such information.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Yes. Please refer to Principle 9 of the Corporate Governance Report. (b) The annual aggregate remuneration paid to the top five Key Executives of the Company (who are not Directors or the CEO) for FY2014 is S\$821,521.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	(a) Please refer to Principle 9 of the Corporate Governance Report. (b) Please refer to Principle 9 of the Corporate Governance Report. (c) Yes.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 6 of the Corporate Governance Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Please refer to Principle 13 of the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Guideline	Questions	How the Company complied?
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(a) Please refer to Principle 11 of the Corporate Governance Report. (b) Yes.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	Please refer to Principle 12 of the Corporate Governance Report.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(a) Please refer to Principles 14 and 15 of the Corporate Governance Report. (b) The Group has specifically entrusted the Directors or the Management, with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. (c) Please refer to Principles 14 of the Corporate Governance Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	The Company did not pay any dividends for FY2014. The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.



FINANCIAL STATEMENTS

Directors' Report	29
Directors' Statement.....	33
Independent Auditor's Report	34
Consolidated Income Statement.....	35
Consolidated Statement of Comprehensive Income	36
Balance Sheets	37
Statements of Changes in Equity.....	38
Consolidated Cash Flow Statement	40
Notes to the Financial Statements	42

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Allied Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

DIRECTORS

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

Hsu Ching Yuh (Chief Executive Officer and Group Managing Director)
 Soh Weng Kheong
 Loo Choon Chiaw
 Sitoh Yih Pin
 Chua Tat Seng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	1.1.2014	Direct interest 31.12.2014	21.1.2015
The Company			
Number of ordinary shares			
Hsu Ching Yuh	249,697,000	249,697,000	249,697,000
Soh Weng Kheong	26,037,630	26,037,630	26,037,630
Share options			
Hsu Ching Yuh	480,000	480,000	480,000
Soh Weng Kheong	420,000	420,000	420,000

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

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, at the end of the financial year, or as at 21 January 2015.

DIRECTORS' REPORT

DIRECTORS' CONTRACTUAL BENEFITS

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

SHARE OPTIONS

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

The committee administering the Scheme comprises three Directors, namely, Mr Loo Choon Chiaw, Prof. Chua Tat Seng and Mr Sitoh Yih Pin.

The vesting schedule for the share options offered to participants is set forth in the table below:

Vesting period	Proportion of total share options that are exercisable
Before first anniversary of date of grant	0%
After first anniversary and before second anniversary of date of grant	Up to 30% of grant
On/After second anniversary and before third anniversary of date of grant	Up to another 35% of grant or up to 65% of grant if share options were not vested after first vesting period
On/After third anniversary till tenth anniversary of date of grant	Balance or 100% of grant

(a) *Share Options Granted*

During the financial year ended 31 December 2014:

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

DIRECTORS' REPORT

(b) Details of Options Granted

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

Name of participant	Aggregate options granted since commencement of Scheme to end of the financial year	Aggregate options expired/cancelled since commencement of Scheme to end of the financial year	Aggregate options outstanding at end of the financial year
Pursuant to options granted on 1 July 2005 and 12 December 2007			
Directors of the Company			
Hsu Ching Yuh *	480,000	–	480,000
Soh Weng Kheong	420,000	–	420,000
Key management			
Tan Siang Keng	360,000	–	360,000
Ong Hock Soon ^	180,000	(180,000)	–
Employees			
Lim Chai Luan	120,000	–	120,000
Ng Choon Wah	84,000	–	84,000

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

^ Mr Ong Hock Soon, the former Deputy General Manager of Suzhou subsidiary, resigned and left the company on 18 November 2014.

(c) Unissued Shares Under Options

The share options granted and exercised during the financial year and share options outstanding as at the end of the financial year under the Scheme are as follows:

Date of grant of options	Options outstanding at beginning of financial year	Options cancelled/ expired during the financial year	Options exercised	Aggregate options outstanding at end of the financial year	Exercise price	Exercise period
	('000)	('000)	('000)	('000)	(\$)	
1.7.2005	411	(45)	–	366	0.14	1.7.2006 – 30.6.2015
1.7.2005	480	(53)	–	427	0.14	1.7.2007 – 30.6.2015
1.7.2005	479	(52)	–	427	0.14	1.7.2008 – 30.6.2015
12.12.2007	178	(19)	–	159	0.14	12.12.2007 – 30.6.2015
12.12.2007	96	(11)	–	85	0.14	1.7.2008 – 30.6.2015
	1,644	(180)	–	1,464		

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

DIRECTORS' REPORT

Audit Committee

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

Sitoh Yih Pin (Chairman)
Loo Choon Chiaw
Chua Tat Seng

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

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

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

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

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

AUDITOR

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

On behalf of the Board,

Hsu Ching Yuh
Director

Soh Weng Kheong
Director

Singapore
25 March 2015

DIRECTORS' STATEMENT

PURSUANT TO SECTION 201(15) OF THE SINGAPORE COMPANIES ACT, CHAPTER 50

We, Hsu Ching Yuh and Soh Weng Kheong, being two of the Directors of Allied Technologies Limited, do hereby state that, in the opinion of the Directors:

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

Hsu Ching Yuh
Director

Soh Weng Kheong
Director

Singapore
25 March 2015

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Independent auditor's report to the members of Allied Technologies Limited

Report on the financial statements

We have audited the accompanying financial statements of Allied Technologies Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 35 to 92, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
25 March 2015

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	2014 \$	2013 \$
Revenue	5	99,628,707	98,653,670
Other income	6	3,057,672	24,540,054
Costs and expenses			
Changes in inventories of finished goods and work-in-progress		(2,195,059)	(2,176,004)
Raw materials and consumables used		(57,760,848)	(58,433,717)
Depreciation expense	12 & 13	(4,075,951)	(3,052,095)
Amortisation expense	11	(18,482)	(18,434)
Staff costs	7	(21,478,176)	(24,922,977)
Impairment loss on property, plant and equipment	12	(2,371,660)	(1,850,461)
Impairment loss on investment property	13	(344,093)	–
Other operating expenses	8	(16,907,938)	(19,780,128)
		(105,152,207)	(110,233,816)
Operating (loss)/profit		(2,465,828)	12,959,908
Finance costs	9	(219,374)	(464,143)
(Loss)/profit before taxation		(2,685,202)	12,495,765
Taxation	10	(5,244,330)	(1,517,246)
(Loss)/profit for the year		(7,929,532)	10,978,519
Attributable to:			
Owners of the Company		(7,929,532)	10,978,519
(Loss)/profit per share (cents)			
Basic	30	(1.17)	1.77
Diluted		(1.17)	1.77

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	2014 \$	2013 \$
(Loss)/profit for the year	(7,929,532)	10,978,519
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	1,040,392	3,579,190
Total comprehensive income for the year	(6,889,140)	14,557,709
Attributable to:		
Owners of the Company	(6,889,140)	14,557,709

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

BALANCE SHEETS

AS AT 31 DECEMBER 2014

(In Singapore dollars)

		Group		Company	
	Note	2014	2013	2014	2013
		\$	\$	\$	\$
Non-current assets					
Intangible assets	11	183,888	196,213	38,786	53,186
Property, plant and equipment	12	50,977,495	43,882,370	165,172	227,217
Investment property	13	4,490,756	4,895,452	–	–
Investment in subsidiaries	14	–	–	34,514,498	34,875,837
Loan receivables from subsidiaries	14	–	–	16,026,876	14,200,133
Deferred tax assets	25	1,414,099	5,946,693	–	–
Other investments	15	2,205,263	2,205,263	2,080,934	2,080,934
		59,271,501	57,125,991	52,826,266	51,437,307
Current assets					
Inventories	16	9,178,556	12,927,346	651,510	957,249
Amounts due from subsidiaries	17	–	–	9,925,759	11,039,012
Trade debtors	18	31,500,436	28,796,789	2,881,848	2,515,653
Other debtors	19	4,617,513	2,982,745	1,037,557	66,061
Prepayments and advances to suppliers		1,436,900	1,237,384	48,042	51,148
Dividend receivable		–	–	–	127,295
Fixed deposits (pledged)	20	316,993	234,748	–	–
Cash and bank balances	20	10,256,184	20,090,608	1,506,782	3,953,365
		57,306,582	66,269,620	16,051,498	18,709,783
Current liabilities					
Trade creditors	21	27,707,853	25,666,488	1,596,095	1,677,817
Hire purchase creditors		–	9,763	–	9,763
Other creditors and accruals	22	9,976,946	5,696,347	2,659,409	1,131,897
Deferred compensation income	23	505,087	1,808,052	–	–
Amounts due to bankers	24	2,634,123	4,423,955	1,992,000	1,900,500
Income tax payable		192,891	39,070	–	–
		41,016,900	37,643,675	6,247,504	4,719,977
Net current assets		16,289,682	28,625,945	9,803,994	13,989,806
Long term liabilities					
Deferred compensation income	23	9,344,101	9,883,830	–	–
Deferred tax liabilities	25	4,397,241	3,783,303	–	–
		13,741,342	13,667,133	–	–
Net assets		61,819,841	72,084,803	62,630,260	65,427,113
Equity attributable to owners of the Company					
Share capital	26	57,337,354	57,337,354	57,337,354	57,337,354
Foreign currency translation reserve	27	982,127	(58,265)	–	–
Statutory reserve fund	28	4,889,439	4,889,439	–	–
Other reserves	29	188,948	188,948	188,948	188,948
Retained (losses)/earnings		(1,578,027)	9,727,327	5,103,958	7,900,811
		61,819,841	72,084,803	62,630,260	65,427,113

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	Ordinary shares \$	Exchange translation reserve \$	Statutory reserve fund \$	Other reserves \$	Retained (losses)/ earnings \$	Total equity attributable to owners of the Company \$
Group							
Balance at 1 January 2013		54,322,335	(3,637,455)	4,889,439	805,397	(1,251,192)	55,128,524
Exercise of warrants		3,015,019	–	–	(616,449)	–	2,398,570
<i>Other comprehensive income:</i>							
Foreign currency translation		–	3,579,190	–	–	–	3,579,190
Profit for the year		–	–	–	–	10,978,519	10,978,519
Total comprehensive income for the year		–	3,579,190	–	–	10,978,519	14,557,709
Balance at 31 December 2013 and 1 January 2014		57,337,354	(58,265)	4,889,439	188,948	9,727,327	72,084,803
Dividends on ordinary shares	38	–	–	–	–	(3,375,822)	(3,375,822)
<i>Other comprehensive income:</i>							
Foreign currency translation		–	1,040,392	–	–	–	1,040,392
Loss for the year		–	–	–	–	(7,929,532)	(7,929,532)
Total comprehensive income for the year		–	1,040,392	–	–	(7,929,532)	(6,889,140)
Balance at 31 December 2014		57,337,354	982,127	4,889,439	188,948	(1,578,027)	61,819,841

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	Ordinary shares \$	Other reserves \$	Retained earnings \$	Total equity \$
Company					
Balance at 1 January 2013		54,322,335	805,397	3,024,059	58,151,791
Exercise of warrants		3,015,019	(616,449)	–	2,398,570
Profit for the year		–	–	4,876,752	4,876,752
Total comprehensive income for the year		–	–	4,876,752	4,876,752
Balance at 31 December 2013 and 1 January 2014		57,337,354	188,948	7,900,811	65,427,113
Dividends on ordinary shares	38	–	–	(3,375,822)	(3,375,822)
Profit for the year		–	–	578,969	578,969
Total comprehensive income for the year		–	–	578,969	578,969
Balance at 31 December 2014		57,337,354	188,948	5,103,958	62,630,260

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	2014 \$	2013 \$
Cash flows from operating activities:			
(Loss)/profit before taxation		(2,685,202)	12,495,765
Adjustments for:			
Gain on disposal of asset held for sale		–	(7,962,000)
Gain on disposal of property, plant and equipment		(29,819)	(13,924,468)
Depreciation of property, plant and equipment and investment property	12 & 13	4,075,951	3,052,095
Impairment loss on property, plant and equipment	12	2,371,660	1,850,461
Impairment loss on investment property	13	344,093	–
Amortisation of intangible assets	11	18,482	18,434
Amortisation of deferred compensation income		(2,017,336)	(1,745,276)
Interest income		(96,213)	(200,842)
Interest expense		219,374	464,143
Exchange differences		22,995	(2,215,791)
Operating cash flows before changes in working capital		2,223,985	(8,167,479)
Decrease in inventories		3,748,790	3,477,239
(Increase)/decrease in trade debtors, other debtors and prepayments		(6,548,625)	6,345,837
Increase/(decrease) in trade creditors and other creditors and accruals		5,721,964	(5,007,614)
Cash flows from/(used in) operations		5,146,114	(3,352,017)
Compensation received for production suspension and staffs retrenchment cost		–	5,669,585
Interest paid		(219,374)	(464,143)
Interest received		96,213	200,842
Tax paid		(114,844)	(191,629)
Net cash flows from operating activities		4,908,109	1,862,638
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment		41,928	217,990
Proceeds from disposal of asset held for sale, net of transaction costs	12	–	9,001,250
Government grant received pursuant to Suzhou's compulsory land acquisition		2,010,694	34,760,998
Purchase of property, plant and equipment	12	(12,035,123)	(11,878,316)
Net cash outflow on acquisition of a subsidiary	14	–	(12,486,593)
Net cash (used in)/generated from investing activities		(9,982,501)	19,615,329

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	2014 \$	2013 \$
Cash flows from financing activities:			
Proceeds from issuance of shares		–	2,398,570
Dividends paid on ordinary shares	38	(3,375,822)	–
Repayment of hire purchase creditors		(9,763)	(117,338)
Increase in amount due to a director	22	600,000	–
Drawdown of bank borrowings		4,484,262	13,581,772
Repayment of bank borrowings		(6,274,094)	(25,971,750)
(Increase)/decrease in pledged fixed deposits		(85,527)	1,325
Net cash flows used in financing activities		(4,660,944)	(10,107,421)
Net (decrease)/increase in cash and bank balances		(9,735,336)	11,370,546
Cash and cash equivalents at beginning of financial year		20,090,608	9,080,827
Effects of exchange rates on opening cash and cash equivalents		(99,088)	(360,765)
Cash and cash equivalents at end of financial year	20	10,256,184	20,090,608

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

1. CORPORATE INFORMATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“**FRS**”).

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
(d) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(e) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(f) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 1: <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

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

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

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

(b) Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.6. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

2.5 Foreign currency

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

(a) Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.5 *Foreign currency (cont'd)*

(b) *Consolidated financial statements*

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement.

2.6 *Intangible assets*

Membership rights

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

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

Goodwill

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

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in Singapore dollars at the rates prevailing at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.7 *Property, plant and equipment*

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

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

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

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

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

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

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

2.8 *Investment properties*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.8 *Investment properties (cont'd)*

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

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 *Subsidiaries*

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

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

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

2.11 *Financial assets*

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.11 *Financial assets (cont'd)*

Subsequent measurement

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

(a) Loans and receivables

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

(b) Available-for-sale financial assets

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

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

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

Derecognition

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

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

2.12 *Cash and cash equivalents*

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

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

2.13 *Trade and other debtors*

Trade and other debtors, including amounts due from subsidiaries and loans to subsidiaries are classified and accounted for as loans and receivables under FRS 39.

Allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further detail on accounting policy for impairment of financial assets is stated in Note 2.14.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.14 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

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

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

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

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.14 *Impairment of financial assets (cont'd)*

(c) *Available-for-sale financial assets (cont'd)*

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

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

2.15 *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.16 *Trade and other creditors*

Liabilities for trade and other creditors, which are normally settled on 30 - 120 day terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.17 *Inventories*

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

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 *Provisions*

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

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

2.19 *Financial guarantee*

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

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

2.20 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 *Employee benefits*

(a) *Short term employee benefits*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.21 *Employee benefits (cont'd)*

(b) *Defined contribution plans*

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

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

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

(c) *Employee share option scheme*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted which takes into account market conditions and non-vesting conditions. The fair value is determined by using Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Allied Technologies Limited (‘market conditions’), if applicable.

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

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. The employee share option reserve is transferred to revenue reserve upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options, if any, will be reflected as additional share dilution in the computation of earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.22 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Government grants

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

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

2.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

- (a) Revenues from the sales of manufactured goods are recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with the delivery and acceptance of the goods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.24 Revenue recognition (cont'd)

- (b) Tooling revenue is recognised when the Group satisfied its performance obligations which generally coincide with the 100% completion of mould manufacturing processes and acceptance of the goods.
- (c) Revenues from the provision of design services are recognised when services have been rendered.
- (d) Interest income is recognised using the effective interest method.
- (e) Dividend income is recognised when the Group's right to receive payment is established.
- (f) Rental income is recognised on an accrual basis.

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

(b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.25 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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

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

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

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.26 Contingencies

A contingent liability is:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.26 Contingencies (cont'd)

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

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

2.27 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 Related parties

A related party is defined as follows:

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

2.29 Segmental reporting

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) *Key sources of estimation uncertainty*

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

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

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

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

(ii) *Depreciation of plant and equipment*

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 5 years. The carrying amount of the Group's plant and equipment at 31 December 2014 was \$12,193,519 (2013: \$5,057,540). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) *Impairment of loans and receivables*

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 36 to the financial statements.

(iv) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised, before expiration. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits projected by management. As at 31 December 2014, the Group has recognised deferred tax assets of \$1,115,983 (2013: \$3,076,993) on unused tax losses.

The Group has unrecognised tax losses carry forwards amounting to approximately \$26,550,202 (2013: \$28,476,429). These losses relate to subsidiaries that have a history of losses, and may not be used to offset taxable income elsewhere in the Group. The tax losses of the PRC subsidiaries can only be utilised within the five-year period commencing from the year in which the loss is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

(b) *Critical judgements made in applying accounting policies*

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

(i) *Impairment of investments and financial assets*

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

(ii) *Income taxes*

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

Tax payable for compensation received by Allied Technologies (Suzhou) Co., Ltd arising from compulsory land acquisition (Note 12)

The tax impact of the compensation income recorded in financial year 2013 was estimated based on a Tax Rule 40 effective for compensation agreements signed on or after 1 October 2012. During the year ended 31 December 2014, Allied Technologies (Suzhou) Co., Ltd. submitted a Tax Verification Report to the tax authority based on another Tax Rule 11. In consultation with an independent local tax consultant, the Group determined that Tax Rule 11 (effective for compensation agreements signed before 1 October 2012) was the relevant tax rule to apply as there was a preliminary compensation agreement signed before 1 October 2012.

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

The carrying amount of the Group's net income tax payable and deferred tax liabilities at 31 December 2014 was \$192,891 and \$2,983,142 (2013: \$39,070 and net deferred tax asset \$2,163,390) respectively. Should the tax authority determine that Tax Rule 40 should be applied instead of Tax Rule 11, deferred tax liability would be reduced by RMB15.3 million, current income tax payable increase by RMB13.6 million and net results of the Group would increase by RMB1.7 million (approximately \$330,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

4. SEGMENT INFORMATION

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

Except as indicated above, no operating segments have been aggregated to form the above reportable operating results.

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

	Singapore and Malaysia	China	Vietnam	Thailand	Others	Elimination	Note	Total
	\$	\$	\$	\$	\$	\$		\$
2014								
Segment revenue								
External customers	14,971,151	54,711,111	29,945,191	1,254	–	–		99,628,707
Inter-segment sales	–	323,351	–	–	–	(323,351)		–
Total revenue	14,971,151	55,034,462	29,945,191	1,254	–	(323,351)		99,628,707
Segment profit/(loss)	4,495,198	(4,479,368)	702,676	(602,805)	(42,529)	–		73,172
Finance costs								(219,374)
Unallocated expenses							(i)	(2,539,000)
Loss before taxation								(2,685,202)
Taxation								(5,244,330)
Net loss after taxation								(7,929,532)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

4. SEGMENT INFORMATION (CONT'D)

	Singapore and Malaysia	China	Vietnam	Thailand	Others	Elimination	Note	Total
	\$	\$	\$	\$	\$	\$		\$
2014								
Segment assets	8,002,981	80,529,229	21,023,701	3,374,528	28,282	–		112,958,721
Unallocated assets							(ii)	3,619,362
								<u>116,578,083</u>
Other segment information:								
Additions to non-current assets	103,944	8,291,378	284,718	3,355,083	–	–		12,035,123
Depreciation and amortisation	27,970	3,412,194	388,640	265,301	328	–		4,094,433
(Write-back of)/ allowance for inventory obsolescence	(155,503)	850,266	72,119	–	–	–		766,882
Inventories written off	86,778	19,476	–	–	–	–		106,254
Gain on disposal of property, plant and equipment	16,850	6,903	6,066	–	–	–		29,819
Allowance for impairment on:								
- property, plant and equipment	–	2,371,660	–	–	–	–		2,371,660
- investment property	–	344,093	–	–	–	–		344,093
- trade debtors	18,922	28,116	11,329	–	–	–		58,367

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

4. SEGMENT INFORMATION (CONT'D)

	Singapore and Malaysia	China	Vietnam	Others	Elimination	Note	Total
	\$	\$	\$	\$	\$		\$
2013							
Segment revenue							
External customers	10,301,130	66,940,083	21,412,457	–	–		98,653,670
Inter-segment sales	–	232,259	–	–	(232,259)		–
Total revenue	10,301,130	67,172,342	21,412,457	–	(232,259)		98,653,670
Segment profit/(loss)	9,016,630	7,594,729	(1,072,454)	(43,997)	–		15,494,908
Finance costs							(464,143)
Unallocated expenses						(i)	(2,535,000)
Profit before taxation							12,495,765
Taxation							(1,517,246)
Net profit after taxation							10,978,519
	Singapore and Malaysia	China	Vietnam	Others	Elimination	Note	Total
	\$	\$	\$	\$	\$		\$
2013							
Segment assets	9,311,974	88,008,024	17,887,250	36,407	–		115,243,655
Unallocated assets						(ii)	8,151,956
							123,395,611
Other segment information:							
Additions to non-current assets	41,843	20,716,010	210,517	–	–		20,968,370
Depreciation and amortisation	139,065	2,535,629	395,424	411	–		3,070,529
Allowance for/(write-back of) inventory obsolescence	87,598	(354,645)	234,894	7,787	–		(24,366)
Inventories written off	10,000	338,399	20,000	–	–		368,399
Gain on disposal of property, plant and equipment	1,119	13,919,588	3,761	–	–		13,924,468
Gain on disposal of asset held for sale	7,962,000	–	–	–	–		7,962,000
Allowance for/(write-back of) impairment on:							
- property, plant and equipment	–	1,850,461	–	–	–		1,850,461
- trade debtors	37,432	(210,231)	–	–	–		(172,799)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

4. SEGMENT INFORMATION (CONT'D)

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

- (i) Unallocated expenses primarily relate to Directors' fee, Directors' remuneration, corporate personnel payroll costs and other corporate related expenses.
- (ii) Unallocated assets pertain to deferred tax assets and other investments.

Information about product and services

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

	Group	
	2014	2013
	%	%
Copier	34	25
Printer	26	25
Computer enclosure	10	6
Automotive	8	9
Data storage devices	6	18
LCD related stamping	6	5
Others	10	12
	100	100

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

Information about major customers

For the current financial year, revenue from the top 10 customers of the Group represents 77% (2013: 76%) of the total Group's revenue.

Sales revenue to two (2013: three) major customers, who individually contribute more than 10% of the Group's revenue, amounts to \$23,256,000 and \$21,206,000 (2013: \$17,013,000, \$16,009,000 and \$14,921,000) respectively. The sales to these major customers are recorded in Singapore and Malaysia, China, Vietnam, and Thailand segment.

5. REVENUE

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

	Group	
	2014	2013
	\$	\$
Sales of goods supplied	92,664,870	94,278,167
Tooling revenue	6,897,996	4,308,664
Provision of design services	65,841	66,839
	99,628,707	98,653,670

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

6. OTHER INCOME

	Group	
	2014	2013
	\$	\$
Interest income from bank deposits	96,213	200,842
Gain on disposal of property, plant and equipment	29,819	13,924,468 [^]
Gain on disposal of asset held for sale	–	7,962,000 [*]
Rental income	678,409	506,788
Government incentives	–	58,995
Sundry income	235,895	141,685
Amortisation of deferred compensation income	2,017,336 [~]	1,745,276 [#]
	<u>3,057,672</u>	<u>24,540,054</u>

[^] This amount includes gain on disposal of Suzhou plant's property, plant and equipment of approximately \$13.5 million.

^{*} This amount relates to gain on disposal of Bukit Batok Property, previously classified as asset held for sale. The Group has sufficient tax losses and capital allowances to offset the tax balancing charge arising from this disposal.

[#] As disclosed in Note 12, the Group received compensation from relevant authority of Suzhou City relating to compulsory land acquisition of the Group's Suzhou plant. This amount relates to compensation received from government for production suspension for the period from October 2013 to December 2013.

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

7. STAFF COSTS

	Group	
	2014	2013
	\$	\$
Salaries, bonuses and other costs	19,380,525	22,598,709
CPF and other pension contributions	2,097,651	2,324,268
	<u>21,478,176</u>	<u>24,922,977</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

8. OTHER OPERATING EXPENSES

The following items have been included in other operating expenses:

	Note	Group 2014 \$	Group 2013 \$
Audit fees			
- Auditors of the Company		125,000	105,000
- Member firms of auditors of the Company		190,000	194,608
Non-audit fees			
- Auditors of the Company		24,000	24,000
- Member firms of auditors of the Company		5,776	2,971
Utilities		2,568,184	2,838,267
Freight and packaging expenses		4,363,081	5,079,757
Directors' emoluments			
- Directors' remuneration #		788,339	749,024
- Directors' fee		175,000	170,000
Allowance for/(write-back) impairment loss on			
- Trade debtors	18	58,367	(172,799)
Foreign exchange (gain)/loss		(236,723)	372,071
Operating lease expenses		689,918	940,024

Includes CPF contributions of \$12,717 (2013: \$15,698).

9. FINANCE COSTS

	Group 2014 \$	Group 2013 \$
Short-term bank loan interest	218,514	454,005
Hire purchase interest	860	10,138
	219,374	464,143

The effective interest rate for short-term bank loans and hire purchase creditors ranged from 3.36% to 6.16% (2013: 3.77% to 7.80%) and 2.88% (2013: 2.88%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

10. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group	
	2014	2013
	\$	\$
Current taxation	212,410	67,860
Deferred taxation	5,051,299	1,422,543
	5,263,709	1,490,403
(Over)/under provision in respect of prior year	(19,379)	26,843
	5,244,330	1,517,246

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 2013 are as follows:

(Loss)/profit before taxation	(2,685,202)	12,495,765
Tax at statutory tax rate of 17% (2013: 17%)	(456,484)	2,124,280
Adjustments for:		
Non-deductible expenses	843,577	615,613
Non-taxable income	(970,545)	(1,356,490)
Profit under tax incentive	–	(2,121)
Deferred tax assets not recognised	1,948,203	1,890,595
Benefits from previously unrecognised deferred tax assets	(528,950)	(2,146,361)
Effect of different tax rates in other countries	(374,645)	366,953
Additional tax expense on compensation income*	4,802,553	–
Others	–	(2,066)
Current year's taxation charge	5,263,709	1,490,403

* As disclosed in Note 3b(ii), during the year, the Group engaged an independent tax consultant to review the tax payable for compensation received by Allied Technologies (Suzhou) Co., Ltd. Judgement has been exercised by the Group to determine the prevalent tax regulation. The tax payable computed is subject to the review of local tax authority. Should the tax authority raise an objection to Allied Technologies (Suzhou) Co., Ltd's tax filing and determine that a different tax rule should prevail over the current tax rule applied, deferred tax liability would be reduced by RMB15.3 million, current income tax payable increase by RMB13.6 million and net results of the Group would increase by RMB1.7 million (approximately \$330,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

11. INTANGIBLE ASSETS

	Membership rights \$
Group	
Cost	
At 1 January 2013	499,862
Currency realignment	(18,535)
At 31 December 2013 and 1 January 2014	481,327
Currency realignment	31,811
At 31 December 2014	513,138
Accumulated amortisation and impairment	
At 1 January 2013	289,501
Currency realignment	(22,821)
Charge for the year	18,434
At 31 December 2013 and 1 January 2014	285,114
Currency realignment	25,654
Charge for the year	18,482
At 31 December 2014	329,250
Net book value	
At 31 December 2014	183,888
At 31 December 2013	196,213

The membership rights of the Group have remaining useful lives of between 8 to 35 years (2013: 9 to 36 years).

	Membership rights \$
Company	
Cost	
At 1 January 2013, 31 December 2013 and 31 December 2014	325,360
Accumulated amortisation and impairment	
At 1 January 2013	257,774
Charge for the year	14,400
At 31 December 2013 and 1 January 2014	272,174
Charge for the year	14,400
At 31 December 2014	286,574
Net book value	
At 31 December 2014	38,786
At 31 December 2013	53,186

The membership rights of the Company have remaining useful lives of between 7 to 14 years (2013: 8 to 15 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land	Leasehold properties	Plant and machinery	Furniture and fittings	Electrical installations	Office equipment	Computers	Motor vehicles	Renovations	Assets under construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
At 1 January 2013	6,632,175	32,170,471	58,026,396	532,615	2,362,032	1,073,805	4,245,597	1,530,746	7,325,407	639,013	114,538,257
Currency realignment	439,024	2,072,727	2,983,198	28,354	383,892	65,971	130,680	(57,885)	471,199	482,469	6,999,629
Additions	-	96,257	176,713	12,232	-	46,835	45,179	-	51,690	11,449,410	11,878,316
Disposals	(1,319,693)	(15,336,289)	(3,331,119)	(137,225)	(1,623,211)	(235,466)	(124,323)	-	(3,696,407)	-	(25,803,733)
Acquisition of a subsidiary	3,172,312	9,314,281	-	-	-	-	-	-	-	-	12,486,593
Reclassification	-	-	477,636	-	232,035	-	-	-	-	(709,671)	-
Transfer to investment property	(1,206,765)	(3,317,035)	-	-	(383,374)	-	-	-	(237,956)	-	(5,145,130)
At 31 December 2013 and 1 January 2014	7,717,053	25,000,412	58,332,824	435,976	971,374	951,145	4,297,133	1,472,861	3,913,933	11,861,221	114,953,932
Currency realignment	222,613	1,224,562	1,160,028	7,895	91,960	22,176	28,281	14,573	102,244	(217,747)	2,656,585
Additions	-	504,616	3,853,548	33,715	500,567	157,840	99,991	36,031	240,279	6,608,536	12,035,123
Disposals	-	-	(325,865)	-	-	(47,368)	(172,199)	(38,946)	(13,157)	-	(597,535)
Reclassification	84,432	13,239,676	2,597,626	6,343	1,872,267	-	-	-	439,466	(18,239,810)	-
At 31 December 2014	8,024,098	39,969,266	65,618,161	483,929	3,436,168	1,083,793	4,253,206	1,484,519	4,682,765	12,200	129,048,105
Accumulated depreciation and impairment loss											
At 1 January 2013	1,497,953	5,565,637	53,260,890	439,921	2,260,942	980,429	3,614,946	1,158,645	6,542,830	-	75,322,193
Currency realignment	14,848	342,821	2,369,955	42,974	71,515	49,943	97,414	32,628	371,149	-	3,393,247
Charge for the year	97,049	448,489	1,639,336	24,022	106,513	58,667	328,608	82,206	267,205	-	3,052,095
Disposals	(275,071)	(2,931,065)	(3,220,011)	(133,744)	(1,575,449)	(232,242)	(124,323)	-	(3,662,863)	-	(12,154,768)
Impairment loss	316,665	929,765	362,948	609	149,097	1,874	4,420	3,334	81,749	-	1,850,461
Transfer to investment property	(30,732)	(222,503)	-	-	(71,482)	-	-	-	(66,949)	-	(391,666)
At 31 December 2013 and 1 January 2014	1,620,712	4,133,144	54,413,118	373,782	941,136	858,671	3,921,065	1,276,813	3,533,121	-	71,071,562
Currency realignment	40,380	199,804	958,366	5,876	16,154	16,511	27,761	12,108	81,392	-	1,358,352
Charge for the year	206,997	648,891	2,082,517	26,926	262,643	61,294	207,872	68,617	288,705	-	3,854,462
Disposals	-	-	(313,905)	-	-	(47,219)	(172,199)	(38,946)	(13,157)	-	(585,426)
Impairment loss	556,037	1,815,623	-	-	-	-	-	-	-	-	2,371,660
At 31 December 2014	2,424,126	6,797,462	57,140,096	406,584	1,219,933	889,257	3,984,499	1,318,592	3,890,061	-	78,070,610
Net book value											
At 31 December 2014	5,599,972	33,171,804	8,478,065	77,345	2,216,235	194,536	288,707	165,927	792,704	12,200	50,977,495
At 31 December 2013	6,096,341	20,867,268	3,919,706	62,194	30,238	92,474	376,068	196,048	380,812	11,861,221	43,882,370

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

Company

Cost	Plant and machinery	Furniture and fittings	Electrical installations	Office equipment	Computers	Motor vehicles	Renovations	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2013	49,520	197,856	75,547	210,599	2,718,701	759,888	-	4,012,111
Additions	-	-	-	649	-	-	14,925	15,574
Disposals	(49,520)	(114,403)	(75,547)	(145,321)	(124,267)	-	-	(509,058)
At 31 December 2013 and 1 January 2014	-	83,453	-	65,927	2,594,434	759,888	14,925	3,518,627
Additions	-	-	-	-	68,781	-	-	68,781
At 31 December 2014	-	83,453	-	65,927	2,663,215	759,888	14,925	3,587,408

Accumulated depreciation

At 1 January 2013	49,520	194,109	72,681	194,340	2,334,461	759,888	-	3,604,999
Charge for the year	-	580	563	4,018	179,974	-	1,493	186,628
Disposals	(49,520)	(111,236)	(73,244)	(141,950)	(124,267)	-	-	(500,217)

At 31 December 2013 and 1 January 2014

Charge for the year	-	83,453	-	56,408	2,390,168	759,888	1,493	3,291,410
At 31 December 2014	-	83,453	-	59,519	2,514,890	759,888	4,486	3,422,236

Net book value

At 31 December 2014	-	-	-	6,408	148,325	-	10,439	165,172
At 31 December 2013	-	-	-	9,519	204,266	-	13,432	227,217

Included in property, plant and equipment of the Group and of the Company are plant and machinery with net book values of \$95,657 (2013: \$178,700) acquired under hire purchase agreements.

In addition to assets held under hire purchase, leasehold land and properties of certain subsidiaries with a carrying amount of \$8,711,449 (2013: \$12,312,720) are pledged to secure the bank loans (Note 24).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

Compulsory land acquisition of Suzhou plant located at Wuzhong District in financial year 2013

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

	RMB million	SGD equivalent \$ million #
Compensation for production suspension*	17.3	3.5
Compensation for staff retrenchment cost	8.7	1.8
Compensation for acquisition of new assets for relocation purpose*	47.2	9.5
Compensation for compulsory land acquisition of Suzhou plant's land and buildings and non-movable machineries	136.4	27.5
	<u>209.6</u>	<u>42.3</u>

Translated at average rate in financial year 2013

* These items have been accounted for as government grant.

Financial year ended 31 December 2013

In December 2013, the Group completed the physical relocation of Suzhou plant from Wuzhong District to Xiangcheng District and handed over the vacated premises to the relevant authority. Pursuant to this relocation, the Group received a compensation of RMB 136.4 million (\$27.5 million) and recorded a gain in the income statement for the year ended 31 December 2013.

Financial year ended 31 December 2014

From local tax perspective, the relocation process is considered completed when the renovation of building at new premise is fully completed, in addition to the physical relocation of plant mentioned above.

The Group has completed the relocation process in June 2014.

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

	2014 \$
Amortisation of compensation for production suspension	1,774,786
Amortisation of compensation for newly acquired asset, which has been accounted for as government grant	242,550
	<u>2,017,336</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

Acquisition of Yitong Precision Technology (Suzhou) Co., Ltd ("Yitong Suzhou")

In August 2013, the Group completed the acquisition of Yitong Precision Technology (Suzhou) Co., Ltd, an entity with a parcel of land and buildings in Xiangcheng District, Suzhou City. Upon completion of the acquisition, the Group took over the ownership of Yitong Suzhou's land and buildings for the purpose of relocating its Suzhou plant.

Management has assessed and determined that this transaction is accounted for as an asset acquisition.

Impairment losses

Financial year ended 31 December 2014

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

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

Financial year ended 31 December 2013

An independent valuer was commissioned by management to conduct an independent valuation on the land and buildings held by Yitong Suzhou. According to the valuation report, the land and buildings have a market value of approximately RMB55.4 million. Total purchase consideration paid by the Group for the acquisition amounted to approximately RMB61.5 million.

As the purchase consideration higher than the appraised value of the land and building by RMB6.1 million (approximately \$1.25 million), management provided impairment for land and building of RMB6.1 million in the year ended 31 December 2013.

Taicang Shanfeng Hardware Co., Ltd., another subsidiary of the Company carried out a review of the recoverable amount of its property, plant and equipment. To estimate the recoverable amount, management had determined this subsidiary as a Cash-Generating Unit ("CGU"), whose recoverable amount had been determined based on value in use method using cash flow projections from financial budget approved by management. An impairment loss of \$600,000, representing the write-down of property, plant and equipment to the recoverable amount was recognised in the income statement. The calculation of value in use for the CGU was prepared based on the following significant assumptions:

- Pre-tax discount rate 12% per annum
- Rental income rate Based on rental agreement signed with external party

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. INVESTMENT PROPERTY

	\$
Group	
Cost	
At 1 January 2013	–
Transfer from property, plant and equipment	4,753,464
Currency realignment	141,988
At 31 December 2013 and 1 January 2014	4,895,452
Currency realignment	118,059
At 31 December 2014	5,013,511
Accumulated depreciation and impairment	
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Currency realignment	(42,827)
Charge for the year	221,489
Impairment loss	344,093
At 31 December 2014	522,755
Net book value	
At 31 December 2014	4,490,756
At 31 December 2013	4,895,452

	Group	
	2014	2013
	\$	\$
Income statement:		
Rental income from investment properties	616,713	101,076
Direct operating expenses	(139,148)	(72,313)
	477,565	28,763

In 2013, the Group entered into a lease agreement with an external party to lease out its investment property (anodizing plant) to earn rental income. The Group reclassified the leasehold land and properties to investment property accordingly. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The fair value of the investment property based on comparable market transaction is approximately RMB19.1 million as at 31 December 2014. The valuations were performed by Shanghai Zhongheng Xinyin Real Estate Appraisal Limited Company, a qualified independent valuer. As the fair value less costs to sell is lower than the carrying amount, management provided impairment of approximately \$344,000 in the year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2014	2013
	\$	\$
Unquoted shares, at cost	53,337,402	51,451,703
Discount implicit in the interest-free company loans	955,041	955,041
Less: Allowance for impairment in value of investments in subsidiaries	(19,777,945)	(17,530,907)
	<u>34,514,498</u>	<u>34,875,837</u>
Loan receivables, unsecured	7,204,525	7,552,391
Loans and receivables designated as quasi - equity	16,026,876	14,200,133
Less: Allowance for impairment in loan receivables	(7,204,525)	(7,552,391)
	<u>16,026,876</u>	<u>14,200,133</u>

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

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

Analysis of allowance for impairment loss:

	Company	
	2014	2013
	\$	\$
Balance at beginning of year	25,083,298	23,300,507
Amount provided during the year	1,899,172	1,782,791
Balance at end of year	<u>26,982,470</u>	<u>25,083,298</u>
Impairment loss on:		
- Investments in subsidiaries	19,777,945	17,530,907
- Loan receivables	7,204,525	7,552,391
	<u>26,982,470</u>	<u>25,083,298</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries as at 31 December are:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held	
			2014	2013
			%	%
Held by the Company:				
+	Allied Machineries (Shanghai) Co., Ltd. (People's Republic of China)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (People's Republic of China)	100	100
+	Allied Technologies (Suzhou) Co., Ltd. (People's Republic of China)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (People's Republic of China)	100	100
+	Allied Technologies (Dongguan) Co., Ltd. (People's Republic of China)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (People's Republic of China)	100	100
^*	Taicang Shanfeng Hardware Co., Ltd. (People's Republic of China)	Manufacturing processing, including anodising and electrochemical processes on aluminium related metal components (People's Republic of China)	100	100
+	Allied Precision Manufacturing (M) Sdn. Bhd. (Malaysia)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Malaysia)	100	100
+	Allied Technologies (Saigon) Co., Ltd. (Vietnam)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Vietnam)	100	100
@	Allied Technologies (Taiwan) Co., Ltd. (Taiwan)	Marketing office (Taiwan)	100	100
+~	Allied Precision (Thailand) Co., Ltd. (Thailand)	Toolmaking, manufacture of metal stamped parts, and provision of value-added assembly services (Thailand)	100	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held	
			2014	2013
			%	%
	Held through Allied Technologies (Suzhou) Co., Ltd			
#	Yitong Precision Technology (Suzhou) Co., Ltd. (People's Republic of China)	Dormant (People's Republic of China)	100	100
	Held through Taicang Shanfeng Hardware Co., Ltd			
*	Taicang Nengfa Jingmao Weiye Fazhan Co., Ltd. (People's Republic of China)	Renting of office and factory premises (People's Republic of China)	–	100
+	Audited by member firms of Ernst & Young Global in the respective countries.			
@	Not required to be audited by law in its country of incorporation.			
#	Audited by 江苏新中大会计事务所			
^	Audited by 苏州新联谊会计事务所			
*	During the year, the merger of subsidiaries was completed. Taicang Nengfa Jingmao Weiye Fazhan Co., Ltd was dissolved with all the assets and liabilities transferred to Taicang Shanfeng Hardware Co., Ltd.			
~	First year of incorporation.			

15. OTHER INVESTMENTS

	Group		Company	
	2014 \$	2013 \$	2014 \$	2013 \$
Available-for-sale financial assets - unquoted shares	2,205,263	2,205,263	2,080,934	2,080,934

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

16. INVENTORIES

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Balance sheet				
Finished goods	3,372,847	4,613,442	428,183	636,211
Work-in-progress	4,036,332	3,573,147	149,784	182,246
Raw materials	1,769,377	4,740,757	73,543	138,792
Total inventories at lower of cost and net realisable value	9,178,556	12,927,346	651,510	957,249
Income statement				
Inventories recognised as an expense in cost of sales	83,197,512	88,843,342	6,923,840	6,284,328
Allowance for/(write-back of) inventory obsolescence	766,882	(24,366)	(44,740)	(45,334)
Inventories written off	106,254	368,399	80,837	10,000

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

17. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2014	2013
	\$	\$
Trade	4,607,594	4,271,492
Non-trade	6,124,294	7,490,472
	10,731,888	11,761,964
Less: Allowance for impairment loss	(806,129)	(722,952)
	9,925,759	11,039,012
Analysis of allowance for impairment loss:		
Balance at beginning of financial year	722,952	704,104
Charge to income statement	83,177	18,848
Balance at end of financial year	806,129	722,952

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

17. AMOUNTS DUE FROM SUBSIDIARIES (CONT'D)

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

	Company	
	2014	2013
	\$	\$
United States dollars	10,410,758	11,361,757
Taiwan dollars	313,066	315,885

18. TRADE DEBTORS

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade debtors	32,689,589	30,096,240	3,428,341	2,989,288
Less: Allowance for Impairment loss	(1,189,153)	(1,299,451)	(546,493)	(473,635)
	31,500,436	28,796,789	2,881,848	2,515,653

Receivables that are past due but not impaired:

Less than 30 days	1,350,859	1,606,170	302,630	593,124
30 days to 60 days	705,677	565,930	246,381	34,396
60 days to 90 days	187,540	94,468	93,239	77,404
More than 90 days	370,632	217,900	–	5,507
	2,614,708	2,484,468	642,250	710,431

Receivables that are impaired:

Individually impaired

Trade debtors – nominal amounts	1,902,673	2,413,067	984,768	653,596
Less: Allowance for Impairment loss	(1,189,153)	(1,299,451)	(546,493)	(473,635)
	713,520	1,113,616	438,275	179,961

Movement in allowance accounts:

Balance at beginning of financial year	1,299,451	1,262,203	473,635	408,568
Charged/(write back) to income statement	58,367	(172,799)	72,858	65,067
Allowance utilised	(291,798)	(5,904)	–	–
Currency realignment	123,133	215,951	–	–
Balance at end of financial year	1,189,153	1,299,451	546,493	473,635

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

18. TRADE DEBTORS (CONT'D)

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

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

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
United States dollars	21,591,750	20,480,338	3,240,626	2,914,306

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

19. OTHER DEBTORS

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Sundry debtors	1,755,169	549,434	36,303	34,281
Deposits	450,605	422,617	277,305	31,780
Deferred cost	2,411,739	–	723,949	–
Receivable from local authority of Suzhou relating to compensation for compulsory land acquisition	–	2,010,694	–	–
	4,617,513	2,982,745	1,037,557	66,061

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

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

20. CASH AND BANK BALANCES AND FIXED DEPOSITS

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits with financial institutions mature with varying periods within 12 months (2013: 12 months) from the financial year end. The weighted average effective interest rates for the year ranged from 2.8% to 3.3% (2013: 3.15% to 4.30%) per annum.

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

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
United States dollars	4,187,890	5,420,527	1,122,172	1,616,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

20. CASH AND BANK BALANCES AND FIXED DEPOSITS (CONT'D)

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

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash and bank balances	10,256,184	20,090,608	1,506,782	3,953,365

Fixed deposits (pledged) are amounts pledged as security for electricity and utility services.

21. TRADE CREDITORS

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade creditors	27,707,853	25,666,488	1,596,095	1,677,817

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

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

United States dollars	12,423,059	11,334,989	786,535	664,428
Euro	1,625	17,356	1,625	17,356

22. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Sundry creditors	4,825,939	2,507,799	172,885	412,656
Payroll accruals	2,159,258	1,923,844	513,356	329,364
Accrued operating expenses	1,233,917	1,264,704	215,336	389,877
Deferred income	1,157,832	–	1,157,832	–
Amount due to a director	600,000	–	600,000	–
	9,976,946	5,696,347	2,659,409	1,131,897

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

Amount due to a director is non-trade in nature, unsecured, interest-free, and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

23. DEFERRED COMPENSATION INCOME

	Group	
	2014	2013
	\$	\$
Non-current	9,344,101	9,883,830
Current	505,087	1,808,052
	<u>9,849,188</u>	<u>11,691,882</u>

As disclosed in Note 12 to the financial statement, as at 31 December 2013 the Group had received compensation from the local authority of Suzhou arising from compulsory land acquisition of Suzhou plant. Certain elements of compensation has been capitalised and deferred in accordance with the nature of the compensation.

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

Amortisation of compensation for production suspension	6 months from 1 Oct 2014
Amortisation of compensation for newly acquired asset, which has been accounted for as government grant	20 years

24. AMOUNTS DUE TO BANKERS

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Short-term bank loans	<u>2,634,123</u>	<u>4,423,955</u>	<u>1,992,000</u>	<u>1,900,500</u>

Short-term loans

The short-term bank loans bear effective interest rates ranging from 3.36% to 6.16% (2013: 3.77% to 7.80%) per annum.

\$1,992,000 (2013: \$1,900,500) of the Group's and Company's outstanding loans are secured by way of debenture containing fixed and floating charge over all the present and future assets of the Company. Leasehold land and properties of certain subsidiaries are pledged to secure the bank loans of \$642,123 (2013: \$2,523,455).

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

United States dollars	<u>1,992,000</u>	<u>2,539,139</u>	<u>1,992,000</u>	<u>1,900,500</u>
-----------------------	------------------	------------------	------------------	------------------

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

25. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Deferred tax assets				
Balance at beginning of financial year	5,946,693	3,677,327	–	–
(Write off)/tax credit for the year	(4,479,144)	2,030,760	–	–
Currency realignment	(53,450)	238,606	–	–
Balance at end of financial year	1,414,099	5,946,693	–	–
Deferred tax liabilities				
Balance at beginning of financial year	(3,783,303)	(330,000)	–	–
Allowance for the year	(504,176)	(3,453,303)	–	–
Currency realignment	(109,762)	–	–	–
Balance at end of financial year	(4,397,241)	(3,783,303)	–	–
Net deferred tax (liabilities)/ assets	(2,983,142)	2,163,390	–	–

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

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Differences in depreciation for tax purposes	(4,111,799)	2,156,351	–	–
Unutilised tax losses	1,115,983	3,076,993	–	–
Accruals and provisions	30,674	713,349	–	–
Compensation income arising from compulsory land acquisition of Suzhou plant	–	(3,453,303)	–	–
Unremitted foreign income	(18,000)	(330,000)	–	–
	(2,983,142)	2,163,390	–	–

At the end of the reporting period, the Group has tax losses of approximately \$26,550,202 (2013: \$28,476,429) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The tax losses of the PRC subsidiaries can only be utilised within the five-year period commencing from the year in which the loss is incurred. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

As at 31 December 2014, the Group has undistributed earnings of subsidiaries of approximately \$nil (2013: \$5,483,432), for which deferred tax liabilities have not been provided as the Group has determined that such earnings will not be distributed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

26. SHARE CAPITAL

	Group and Company			
	2014		2013	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares:				
Balance as at beginning of financial year	675,164,460	57,337,354	606,633,900	54,322,335
Issuance of ordinary shares pursuant to exercise of warrants*	–	–	68,530,560	3,015,019
Balance as at end of financial year	675,164,460	57,337,354	675,164,460	57,337,354

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

* On 8 December 2010, the Company issued 113,694,000 warrants to its entitled shareholders on a basis of 1 warrant for every 5 ordinary shares held by the shareholders, at an issue price at \$0.01 for each warrant. Each warrant entitles the holder to subscribe for 1 new ordinary share in the capital of the Company during the exercise period at an exercise price of \$0.035 for each new share. The warrants expired on 1 November 2013.

27. FOREIGN CURRENCY TRANSLATION RESERVE

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

28. STATUTORY RESERVE FUND

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

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

29. OTHER RESERVES

	Group and Company	
	2014	2013
	\$	\$
Employee share option reserve	188,948	188,948

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

30. (LOSS)/PROFIT PER SHARE

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

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

The calculation for basic and diluted earnings per share is based on:

	Group	
	2014	2013
	\$	\$
Net (loss)/profit attributable to shareholders	(7,929,532)	10,978,519
Weighted average number of ordinary shares for basic and diluted earnings per share computation	675,164,460	618,923,430
Basic (loss)/profit per share (cents)	(1.17)	1.77
Diluted (loss)/profit per share (cents)	(1.17)	1.77

The employee share options are anti-dilutive for financial year 2014 and 2013.

31. OPERATING LEASE COMMITMENTS

(a) As lessee

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

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

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Within one year	144,236	606,144	11,832	99,060
After one year but not more than five years	8,076	74,913	8,076	50,410
	152,312	681,057	19,908	149,470

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

31. OPERATING LEASE COMMITMENTS (CONT'D)

(b) *As lessor*

The Group has entered into commercial property leases on certain of its properties. These non-cancellable leases have remaining lease terms of between 2 and 4 years (2013: 1 and 5 years). These leases have no terms of renewal, no purchase options and escalation clauses. Future minimum lease receivable under the non-cancellable operating leases of the balance sheet date are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Within one year	705,947	638,421	–	–
After one year but not more than five years	1,722,966	2,303,665	–	–
	<u>2,428,913</u>	<u>2,942,086</u>	<u>–</u>	<u>–</u>

32. FUTURE CAPITAL EXPENDITURE

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

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Commitments in respect of:				
- contracts placed on purchases of equipment	–	7,299,138	–	–
- capital injection into subsidiaries	–	–	–	1,900,500
	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,900,500</u>

33. CONTINGENT LIABILITIES

(a) *Letter of financial support*

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

At 31 December 2014, the net liability position of the subsidiaries amounted to \$14,872,662 (2013: \$14,459,675).

(b) *Corporate guarantees*

The Group has provided corporate guarantees for certain banking and hire purchase facilities granted by banks and finance companies to its subsidiaries. At 31 December 2014, these corporate guarantees amounted to \$2,921,600 (2013: \$Nil). The unutilised banking facilities secured by such guarantees amounted to \$2,656,000 (2013: \$Nil) as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

34. EMPLOYEES SHARE OPTION SCHEME

The Allied Technologies Share Option Scheme adopted on 22 April 2005 is administered by the Remuneration Committee. The Company granted share options for the first time on 1 July 2005. As at 31 December 2014, cumulative share options totalling 1,464,000 (2013: 1,644,000) unissued shares were outstanding.

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

	2014		2013	
	No. of share option	Exercise price (\$)	No. of share option	Exercise price (\$)
Outstanding at beginning of year	1,644,000	0.14	1,644,000	0.14
Forfeited during the year	(180,000)	0.14	–	0.14
Outstanding at end of year	<u>1,464,000</u>	0.14	<u>1,644,000</u>	0.14
Exercisable at end of year	<u>1,464,000</u>		<u>1,644,000</u>	

The weighted average remaining contractual life for these options is 0.5 years (2013: 1.5 years).

The Company calculated the fair value of each option using black-scholes option pricing model based on the following assumptions:

Underlying share price	(\$)	0.135
Expected life	(years)	3.800
Risk free interest rate	(%)	3.000
Volatility	(%)	104

35. SIGNIFICANT RELATED PARTIES TRANSACTIONS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

35. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONT'D)

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

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

	Group	
	2014	2013
	\$	\$
Professional services rendered by a firm, in which a director is a partner	22,072	80,726

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

Short term employee benefits	789,584	919,040
CPF and other pension expenses	31,937	46,537
	821,521	965,577

Directors' compensation has been disclosed in Note 8.

- (iii) As disclosed in Note 22, there is an amount due to a director amounted to \$600,000 as at year-end.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The financial risks are summarised as follows:

- (a) **Credit risk**

Credit risk is the risk that companies and other parties will be unable to meet their obligations to the Group resulting in financial loss to the Group. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credits extended. The Group has no significant concentration of credit risk to any individual customers.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets and the corporate guarantees provided by the Company to the banks on its subsidiaries' loans. Details of the corporate guarantees are provided in Note 33(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

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

Credit risk concentration profile

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

	Group		Group	
	2014		2013	
	\$	% of total	\$	% of total
By country:				
China	25,148,276	80	23,681,830	82
Singapore	1,447,650	5	1,031,239	4
Malaysia	1,149,273	3	1,004,285	3
Thailand	841,259	3	360,056	1
Vietnam	424,605	1	883,797	3
United States	7,864	–	7,613	–
Taiwan	237,062	1	185,744	1
Others	2,244,447	7	1,642,225	6
	31,500,436	100	28,796,789	100

	Group		Group	
	2014		2013	
	\$	% of total	\$	% of total
By industry:				
Information Technology	27,125,626	86	21,497,750	75
Others	4,374,810	14	7,299,039	25
	31,500,436	100	28,796,789	100

At the end of the reporting period, approximately 58% (2013: 64%) of the Group's trade debtors were due from 5 major customers located in the People's Republic of China and Vietnam.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

(b) *Liquidity risk*

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

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

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

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

	2014			2013		
	1 year or less	1 to 5 years	Total	1 year or less	1 to 5 years	Total
	\$	\$	\$	\$	\$	\$
Group						
Financial assets						
Trade and other debtors	33,706,210	–	33,706,210	31,779,534	–	31,779,534
Cash balances	10,581,969	–	10,581,969	20,331,745	–	20,331,745
Total undiscounted financial assets	44,288,179	–	44,288,179	52,111,279	–	52,111,279
Financial liabilities						
Trade creditors	27,707,853	–	27,707,853	25,666,488	–	25,666,488
Other creditors and accruals	8,819,114	–	8,819,114	5,696,347	–	5,696,347
Amounts due to bankers	2,684,447	–	2,684,447	4,510,727	–	4,510,727
Hire purchase creditors	–	–	–	10,608	–	10,608
Total undiscounted financial liabilities	39,211,414	–	39,211,414	35,884,170	–	35,884,170
Total net undiscounted financial assets	5,076,765	–	5,076,765	16,227,109	–	16,227,109

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

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

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

	2014			2013		
	1 year or less	1 to 5 years	Total	1 year or less	1 to 5 years	Total
	\$	\$	\$	\$	\$	\$
Company						
Financial assets						
Amounts due from subsidiaries	9,925,759	–	9,925,759	11,039,012	–	11,039,012
Dividend receivable	–	–	–	127,295	–	127,295
Trade and other debtors	3,195,456	–	3,195,456	2,581,714	–	2,581,714
Cash balances	1,506,782	–	1,506,782	3,953,365	–	3,953,365
Total undiscounted financial assets	14,627,997	–	14,627,997	17,701,386	–	17,701,386
Financial liabilities						
Trade creditors	1,596,095	–	1,596,095	1,677,817	–	1,677,817
Other creditors and accruals	1,501,577	–	1,501,577	1,131,897	–	1,131,897
Amounts due to bankers	2,022,547	–	2,022,547	1,912,595	–	1,912,595
Hire purchase creditors	–	–	–	10,608	–	10,608
Total undiscounted financial liabilities	5,120,219	–	5,120,219	4,732,917	–	4,732,917
Total net undiscounted financial assets	9,507,778	–	9,507,778	12,968,469	–	12,968,469

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

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

Group

Financial guarantee	2,921,600	–	2,921,600	–	–	–
---------------------	-----------	---	-----------	---	---	---

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

(c) *Interest rate risk*

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

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

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

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been higher by 75 (2013: 75) basis points with all other variables held constant, the Group's loss (2013: profit) before tax for the year ended 31 December 2014 would have been higher (2013: lower) by \$19,756 (2013: \$33,180) as a result of higher interest expenses on floating rate loans and borrowings. If the interest rate had been lower by 75 (2013: 75) basis points, the Group's loss (2013: profit) would have had the equal but opposite effect, on the basis that all other variables remain constant.

(d) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, PRC Renminbi (RMB) and Vietnamese Dong (VND). The foreign currencies in which these transactions are denominated are mainly United States Dollars (USD). Approximately 72% (2013: 73%) of the Group's sales are denominated in foreign currencies whilst almost 91% (2013: 92%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

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

The Group is exposed to foreign currency exchange fluctuations mainly in USD, RMB and VND.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

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

Sensitivity analysis for foreign currency risk

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

		(Loss)/profit net of tax	
		2014	2013
		Decrease loss/ (Increase loss) \$	Increase profit/ (Decrease profit) \$
USD/SGD	- strengthened 3% (2013: 3%)	444,725	424,485
	- weakened 3% (2013: 3%)	(444,725)	(424,485)
USD/RMB	- strengthened 1% (2013: 1%)	5,601	(12,416)
	- weakened 1% (2013: 1%)	(5,601)	12,416
USD/VND	- strengthened 1% (2013: 1%)	(15,786)	(33,618)
	- weakened 1% (2013: 1%)	15,786	33,618

Fair value of financial assets and financial liabilities

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

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

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

The fair values of these financial liabilities are estimated using discounted cash flow analysis, based on the incremental lending rates for similar types of lending arrangement. A comparison of carrying amount and fair value of these financial liabilities that are carried in the financial statements at other than fair value is set out as follows:

	Group and Company			
	Carrying amount		Fair value	
	2014	2013	2014	2013
	\$	\$	\$	\$
Hire purchase creditors	—	9,763	—	9,763

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

Classification of financial instruments

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

	Group		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Loans and receivables</i>				
Trade debtors	31,500,436	28,796,789	2,881,848	2,515,653
Other debtors	2,205,774	2,982,745	313,608	66,061
Cash balances	10,256,184	20,090,608	1,506,782	3,953,365
Amounts due from subsidiaries	–	–	9,925,759	11,039,012
Dividend receivable	–	–	–	127,295
Total	43,962,394	51,870,142	14,627,997	17,701,386
<i>Available-for-sale financial assets</i>				
Other investments	2,205,263	2,205,263	2,080,934	2,080,934
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	27,707,853	25,666,488	1,596,095	1,677,817
Other creditors and accruals	8,819,114	5,696,347	1,501,577	1,131,897
Amount due to bankers	2,634,123	4,423,955	1,992,000	1,900,500
Hire purchase creditors	–	9,763	–	9,763
Total	39,161,090	35,796,553	5,089,672	4,719,977

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. During the financial year ended 31 December 2014, there has been no change to the Group's objective, policies and processes for managing capital.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

37. CAPITAL MANAGEMENT (CONT'D)

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

	Group	
	2014	2013
	\$	\$
Total liabilities	54,758,242	51,310,808
Net worth	60,837,714	72,143,068
Gearing ratio	90%	71%

As disclosed in Note 28, the PRC subsidiaries are required to contribute to and maintain a reserve fund. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2014 and 2013.

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

38. DIVIDENDS

	Group and Company	
	2014	2013
	\$	\$
<i>Paid during the financial year:</i>		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013: 0.5 cents per share	3,375,822	–
<i>Proposed but not recognised as a liability as at 31 December:</i>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2013: 0.5 cents per share	–	3,375,822

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 25 March 2015.

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2015

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

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 - 99	80	3.79	1,053	0.00
100 - 1,000	134	6.35	126,450	0.02
1,001 - 10,000	547	25.91	3,392,318	0.50
10,001 - 1,000,000	1,312	62.15	95,574,830	14.16
1,000,001 AND ABOVE	38	1.80	576,069,809	85.32
TOTAL	2,111	100.00	675,164,460	100.00

SUBSTANTIAL SHAREHOLDERS		DIRECT INTEREST		DEEMED INTEREST	
		NO. OF SHARES	%	NO. OF SHARES	%
1.	Hsu Ching Yuh @ Sheu Ching Yuh	249,697,000	36.98	-	0.00
2.	New Outlook Limited ⁽¹⁾	129,456,408	19.17	-	0.00
3.	Yu Yi Chang ⁽²⁾	-	0.00	129,456,408	19.17
4.	Yeh Shun Wei ⁽²⁾	-	0.00	129,456,408	19.17

NOTES:

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

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2015

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSU CHING YUH @ SHEU CHING YUH	249,697,000	36.98
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	159,117,945	23.57
3	TAN LAY THIAM	33,504,850	4.96
4	SOH WENG KHEONG	26,037,630	3.86
5	OCBC SECURITIES PRIVATE LIMITED	14,520,800	2.15
6	CHANG CHI-YUNG	9,600,000	1.42
7	TAN SUN HAN	8,504,000	1.26
8	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	7,613,000	1.13
9	UOB KAY HIAN PRIVATE LIMITED	6,909,600	1.02
10	DBS NOMINEES (PRIVATE) LIMITED	5,411,584	0.80
11	CHANG SU-SEN	4,365,000	0.65
12	NG KIM CHOON	4,228,000	0.63
13	TAN SIANG KENG	3,735,000	0.55
14	GOH BOON CHYE	3,148,000	0.47
15	GOH KIAN SOON	3,080,000	0.46
16	BANK OF SINGAPORE NOMINEES PTE. LTD.	2,659,000	0.39
17	CHANG KUO YUNG	2,563,500	0.38
18	TAN JUI YAK	2,447,000	0.36
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,226,000	0.33
20	CHUA AH LEK	2,158,000	0.32
TOTAL		551,525,909	81.69

SHAREHOLDING IN THE HANDS OF PUBLIC

Based on the information provided to the Company as at 13 March 2015, approximately 40.00% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Mainboard Listing Rules of SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of ALLIED TECHNOLOGIES LIMITED will be held at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853, on Monday, 20 April 2015, at 9.00 a.m. for the following purposes:-

AS ORDINARY BUSINESS:-

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors, and the Statement of Directors. **(Resolution 1)**

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

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

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

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

4. To approve the payment of Directors' fees of S\$175,000 for the financial year ended 31 December 2014. **(Resolution 4)**

5. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS:-

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

7. Authority to allot and issue new shares

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

- (A) (i) allot and issue shares in the Company whether by way of rights or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

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

(Resolution 6)

8. Authority to allot and issue shares under the Allied Technologies Share Option Scheme

"That the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Allied Technologies Share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme established by the Company." [see Explanatory Note (ii)]

(Resolution 7)

BY ORDER OF THE BOARD

Chia Foon Yeow
Company Secretary
Singapore
2 April 2015

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (i) The Ordinary Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders.

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

- (ii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company subject to the maximum number of shares prescribed under the terms and conditions of the Scheme.

NOTES:

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

PERSONAL DATA PRIVACY:

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

This page has been intentionally left blank.

ALLIED TECHNOLOGIES LIMITED

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

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

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

I/We, _____ (Name)

of _____ (Address)

being a member/members of ALLIED TECHNOLOGIES LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be held at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853, on Monday, 20 April 2015, at 9.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion.

No.	Resolutions relating to:	For*	Against*
1	Audited Accounts for the financial year ended 31 December 2014, together with the Reports of the Directors and Auditors and the Statement of the Directors		
2	Re-election of Mr Loo Choon Chiaw as a Director		
3	Re-election of Mr Sitoh Yih Pin as a Director		
4	Approval of Directors' fees amounting to S\$175,000 for the financial year ended 31 December 2014		
5	Re-appointment of Ernst & Young LLP as the Company's Auditors and authorisation of the Directors to fix their remuneration		
6	Authority to allot and issue new shares		
7	Authority to allot and issue shares under the Allied Technologies Share Option Scheme		

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

Dated this _____ day of _____, 2015.

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

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



Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
3. A proxy need not be a member of the Company.
4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
5. This proxy form must be deposited at the Company's registered office at 11 Woodlands Close, #10-11, Woodlands 11, Singapore 737853, not less than 48 hours before the time set for the Meeting.
6. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this proxy form shall be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2015.



ALLIED TECHNOLOGIES LIMITED

Company Registration No. 199004310E

11 Woodlands Close, #10-11 Woodlands 11 Singapore 737853

Tel : (65) 6560 2011

Fax : (65) 6560 2055

Email : sales@allied-tech.com.sg

www.allied-tech.com.sg