

2015

ANNUAL REPORT



Empowering Future Technology

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CORPORATE PROFILE

About **EXCELPOINT TECHNOLOGY LTD**

Company Registration No. 200103280C

Excelpoint Technology Ltd (“Excelpoint” or the “Group”) is a leading regional electronics components distributor providing quality components, engineering design services and supply chain management to original equipment manufacturers (“OEM”), original design manufacturers (“ODM”) and electronics manufacturing services (“EMS”) in the Asia Pacific region. It ranks among the Top 25 Global Franchised Distributors List in 2015 from EBN, a premier online platform for the electronics industry.

Excelpoint works closely with its principals to create innovative solutions to complement its customers’ products. The Group has research and development (“R&D”) centres in both Singapore and China supported by a team of professional engineers aimed at helping customers improve operational efficiency and cost effectiveness.

Established in 1987 and headquartered in Singapore, Excelpoint’s presence spans more than 25 cities across Asia Pacific. Currently, we provide employment to more than 600 people of different nationalities. Our shares are quoted on the Main-Board of the Singapore Exchange (“SGX”).

For more information about Excelpoint, please visit www.excelpoint.com

A LETTER TO SHAREHOLDERS

“ The Board is proposing an ordinary dividend of 2.5 Singapore cents per share, subject to your approval at our forthcoming Annual General Meeting. ”



Dear Shareholders,

It is my pleasure to inform you that for the financial year ended 31 December 2015, Excelpoint Technology Ltd reported a 13.6% growth in revenue, from US\$729.0 million to US\$828.3 million. Net profit after tax amounted to US\$4.4 million, which was lower than the US\$7.1 million reported in financial year 2014. However, excluding the non-recurring gain of US\$3.6 million from the disposal of property in the previous financial year, there is a 25.7% increase from the net profit before extraordinary items of US\$3.5 million reported in FY2014.

Despite the challenging business environment in 2015, I am very pleased that everyone worked together as a team, remained resilient, and succeeded in delivering the good set of results.

Corresponding to our performance this year, the Board is proposing an ordinary dividend of 2.5 Singapore cents per share, subject to your approval at our forthcoming Annual General Meeting.

The Year in Retrospect

We encountered a challenging business environment this year commencing with the uncertainties in the region's economy, led by the contraction of China's economy. Subsequently, the devaluation of the Chinese Yuan in the latter part of the year also left its marks on businesses.

Despite the tough operating environment, we saw mergers and acquisitions of big technology giants such as Avago and PLX, and Qualcomm and CSR. These events have released new opportunities and developments that have benefited our business. I believe more opportunities will arise once these mergers are finalised and I am confident of our teams' ability to capture the new businesses.

In addition, the arrival of the Internet of Things ("IoT") has also opened up new segments for us. With the addition of new product lines such as Hittite, Bourns, Power Integrations and others, we are optimistic about capturing the business opportunities that will surface in the IoT arena in the forthcoming years.

Notwithstanding the challenging business environment, all business units from both regions reported higher

sales and I would like to take this opportunity to express my appreciation to all my colleagues for their hard work. The Hong Kong business unit, which includes mainly our businesses in China and Hong Kong saw a 19.1% increase in revenue, while the Singapore business unit, which covers sales to ASEAN countries and India reported a 6.5% rise in revenue.

On 29 July 2015, in compliance with Minimum Trading Price regulation from the Singapore Exchange, Excelpoint consolidated its shares on a 5:1 ratio. This exercise was completed on 11 August 2015. Consequently, as at 11 August 2015, the total number of shares in the market is 102,124,040 ordinary shares.

Another highlight this year was the SG50 event, during which we celebrated our country's 50th anniversary since independence. We participated alongside other indigenous home-grown enterprises to sponsor a year-long programme and over the following 12 months, our logo will be featured on Scoot's latest Boeing 787 Dreamliner- "Maju-lah". Together with Scoot and the other local enterprises, we proudly join our country in celebrating this important milestone.

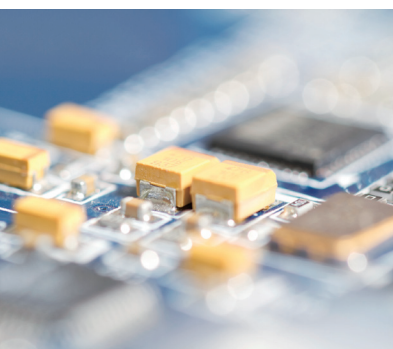


North Asia

China remains the largest revenue contributor for Excelpoint. At the close of FY2015, revenue contribution from China accounted for about US\$492.4 million, which is equivalent to approximately 59.4% of Excelpoint's aggregate revenue.

The team operating in China faced many challenges this year due to the uncertainties in the country. Nonetheless, despite growing competitive pressure, we saw growth across our business segments with the addition of new product lines that released new business opportunities for us. The handset segment continued its lead as the major contributor with increased demand for domestic brands.

On the same note, the new developments from our R&D teams in the area of wireless solutions harvested new opportunities. Going forward, we see strong potentials from our applications in the China market. In the new financial year, we remain confident about our ability to continue with our business growth in this country, with significant impact from our wireless audio and headset segment.



Southeast Asia and India

This year, the Southeast Asian countries and India were inundated with many challenges created by changing government policies and depreciation of the regional currencies against the US dollar. These events gave rise to uncertainties and exerted tremendous pressure on businesses in these economies. Despite difficult operating conditions, our business was resilient and this business segment reported a 6.5% revenue increase compared to the previous financial year.

The businesses in these countries came from the IoT arena, with focus segments such as smart homes, mobile handsets and wearables. With India's 'Made in India' drive to boost their ambition to become a manufacturing powerhouse, developments are in progress, especially in the telecommunication infrastructure. Coupled with the growing awareness of energy conservation and environmental protection within this region, the demand for products related to these key segments has increased. We are confident that our experienced teams in these countries will be able to fulfill the market needs and capture the market share in the various domestic markets.

I firmly believe that the Southeast Asian countries and India contain abundant opportunities for the electronic industry and together with the team, we are committed to invest resources in these markets.

The Prospects

The challenges we saw last year look set to continue into the 2016 financial year. However, with new solutions and products in the offing, some of which were unveiled in the recent Consumer Electronics Show ("CES"), the industry may see some opportunities. We are preparing ourselves to mine these opportunities, but at the same time, we are also exercising caution in our business management.

In Appreciation

I would like to take this opportunity to thank our principals, customers, bankers, employees, business associates and last but not least, our shareholders, for your trust and confidence in Excelpoint. With expectations of a challenging year ahead of us, I look forward to your continuing support and to delivering another good set of performance to all of you.

Yours sincerely,

Albert Phuai Yong Hen

Chairman and Group CEO

OPERATIONS REVIEW

NORTH ASIA

In FY2015, our growth in the North Asian region, comprising the China and Hong Kong markets remained strong, driven mainly by domestic consumption. As a result, revenue contribution from this region increased by 19.1%. Overall, we saw significant growth from four of our focused segments, namely: Memory and Handset, Industrial and Instrumentation ("I&I"), Wireless Audio and Headset and Lighting segment.

Memory and Handset Segment

The handset segment remains our top revenue contributor, with one of the key drivers still coming from the memory component used for smart phones. We saw an increase in the demand of domestic smart phone brands due to a more competitive pricing, which contributed to this growth. Furthermore, the recent consolidation between RFMD and Triquint to form Qorvo, a RF leader, provided more opportunities in this segment. In the new financial year, we expect that the demand will continue, especially with new product lines onboard to cater to this growing segment.

Industrial and Instrumentation Segment

This segment saw major growth from the new product line, Hittite, after they were acquired by Analog Devices, Inc. ("ADI"). Another new product line Epcos has contributed significantly to our Power Transmission and Distribution segment for power control in the industrial area.

Wireless Audio and Headset Segment

Despite strong competition, this segment remained resilient. The highlight this year was the incorporation of the cutting-edge Wifi module from Qualcomm into our wireless audio solutions and bluetooth headsets, which garnered demand in the region. We believe that this will continue to drive demand in the forthcoming years.



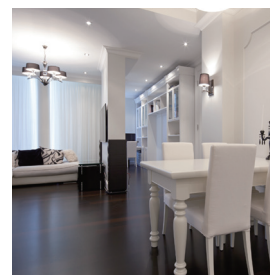
HEADSET



INTERNET
OF THINGS



LED



Lighting Segment

With a strong focus on smart lightings with Bluetooth Low Energy ("BLE"), we were able to capture new opportunities that surfaced with the increased awareness for smart homes and energy conservation. With the support from our product lines such as sensors from AMS to sustain this growth, we expect the demand to rise in the new financial year.

SOUTHEAST ASIA AND INDIA

In FY2015, Southeast Asia and India achieved a 6.5% growth in revenue to US\$335.9 million. With new opportunities stemming from new government initiatives, and domestic demands, the following are the key growth drivers: Wireless Consumer, Memory and Handset and LED Lighting segment. The Power and Defence and Railway segment has further contributed to the region's growth.

Wireless Consumer Segment

Focusing on the expanding IoT arena, specifically in smart homes, smart industrial controls and smart wearables, we have committed strong resources in the wireless communication sector, especially in our bluetooth and BLE applications. We expect the demand to rise with the wider usage in automation, communication, consumer, indoor tracking, and industrial products in this region.

Another highlight came from our Near Field Communication ("NFC") module developed by our R&D teams. This module has since been widely adapted by our audio customers, as we see many bluetooth speakers and headsets adopting this into their products as a key selling feature in the domestic markets.

Memory and Handset Segment

Continuing its growth from 2014, demand from this segment remained strong, especially with the extra push from the arrival of IoT.

In India's consumer mobile sector, demand for local brands is growing fast, and with the rise in the localisation of manufacturing, we are well-positioned to support the memory needs of the local Indian mobile phone manufacturers. In addition, we also expanded our businesses in Indonesia to support the increase in the need for memory components for the domestic mobile brands.

LED Lighting Segment

The demand for LED products has shown stable growth across the Southeast Asian and Indian regions as governments continue to initiate policies towards green energy. The lighting technology is undergoing a rapid change, hence, increasing the demand for LED and sensor technology to control light levels in cities, predicting maintenance requirements, tracking energy consumption and managing asset levels. With smart lightings in place, energy consumption will be reduced, maintenance will be more efficient, and networks will be more reliable. We see countries like Australia and New Zealand getting projects for the replacement of conventional lightings by LED lightings. The demand for LED will continue to flourish as governments continue their efforts towards energy efficiency and conservation.

e-Government projects

Due to political and governmental changes in some countries, some of the e-Government projects were delayed. This year, we saw revival in the demand for projects in Malaysia for the National ID cards and India's Metro Transit Cards. We remain optimistic and expect other projects to pick up in this region in the forthcoming years. With India's new government initiatives such as Smart Cities, Digital India and 'Made In India', we see an optimistic growth in the manufacturing industry with new players entering the market. Going forward, projects in this segment are primed to gain momentum.



Defence and Railway Segment

Specifically in India, the recent introduction of Foreign Direct Investment ("FDI") policy reforms in the defence and railway sector contributed to the growth of this segment. Moving forward, India is poised for strong growth in these sectors with the government's push for the modernisation and upgrading of its ageing defence equipment and railway network.

Power Segment

Another segment that saw growth in 2015 was the power segment. With more awareness in renewable energy and smart-grid technology implementation, we saw growth with new product lines such as Power Integrations, Goodsky, Bourns, Rohm and others. We managed to capture a good market share and believe in the growth potential in this segment.

NEW PRODUCT LINES FOR THE GROUP

One of the highlights this year was Qualcomm's acquisition of CSR, as we were able to inherit a broader range of product lines under Qualcomm. These products aimed at addressing the expanding IoT space, which will see a strong growth potential.

In addition, we have secured the distribution rights from Cypress Semiconductor Corp. ("Cypress"), a leader in CapSense® capacitive touch-sensing controllers, SRAM and NOR flash memories and more. Their portfolio of automotive MCUs and memories delivers high-performance, mixed-signal and programmable solutions that are well-recognised in the market. This has given Excelpoint an edge in our memory business, and it will continue to be a key driver in 2016.

To capitalise on the strong market potential for both regions, we have also signed on several new product lines, such as Hittite, Avago, Bourns, Cree, Power Integrations, Smiths Connectors and more within our focus segments. To mine new opportunities arising in the forthcoming years, we are investing in new resources, which is in line with seeking for new product lines within the IoT arena.



SMARTPHONE



INDUSTRIAL



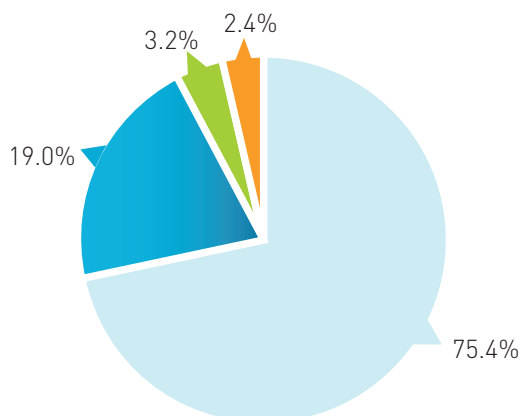
WIRELESS SPEAKER

FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012	2011
Result of Operations (US\$'000)					
Total revenue	828,283	728,968	651,857	584,852	489,376
Profit before taxation	5,499	7,457	7,535	6,098	6,092
Profit after taxation attributable to equity holders	4,355	7,083	6,226	5,046	4,741
Earnings per share (cent)	4.26	6.97*	1.23	1.00	0.94
Return on equity (%)	7.62	12.60	12.01	10.42	10.15
Balance Sheets (US\$'000)					
Shareholders' equity	57,183	56,227	51,860	48,420	46,717
Property, plant and equipment	1,870	2,322	4,409	4,624	3,287
Intangibles	326	326	326	326	326
Current assets	258,761	221,501	183,269	159,903	142,885
Current liabilities	295,560	170,086	137,924	117,837	101,017
Net current assets	53,201	51,415	45,345	42,066	41,868
Non-current liabilities	-	-	-	-	-
Borrowings	99,445	80,951	59,326	45,876	29,689
Net assets value per share (cent)	55.83	55.12*	10.22	9.59	9.26
Weighted average number of ordinary shares	102,214,069	101,573,225*	505,003,082	504,659,200	504,659,200
Number of ordinary shares	102,423,440	102,004,440*	507,578,200	504,659,200	504,659,200

* On 11 August 2015, the Company completed the consolidation of every five existing issued shares in the capital of the Company into one ordinary share in the capital of the Company. The weighted average number of ordinary shares used for the calculation of earnings per share for the comparatives have been adjusted for the effect of the share consolidation.

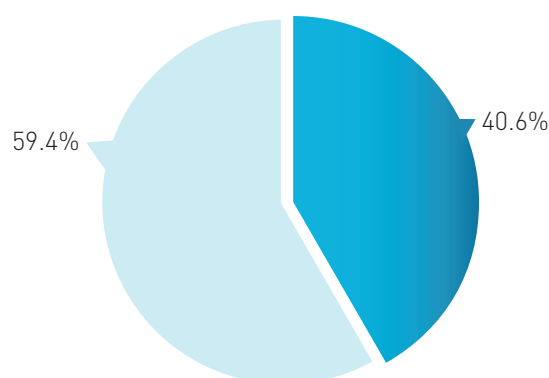
Revenue By Geographical Locations



Hong Kong/ PRC continues to lead as the key revenue contributor, accounting for approximately 75.4% of the Group's total revenue. Southeast Asia, India and Others contributed to about 24.6% of the Group's revenue.

- Southeast Asia
- Hong Kong/ PRC
- India
- Others

Revenue By Business Segments



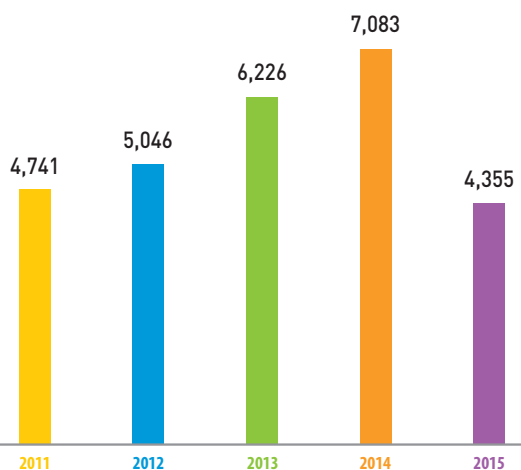
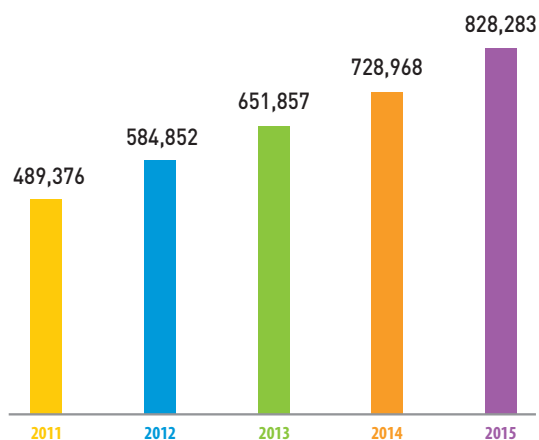
The Hong Kong Business Unit contributed approximately 59.4%, or US\$492.4 million of the Group's total revenue. The balance of 40.6%, or US\$335.9 million comprised of the revenue contribution by the Singapore Business Unit.

- Hong Kong/ PRC
(comprising Hong Kong and the PRC)
- Southeast Asia
(comprising Singapore, Malaysia, Thailand, Philippines, Vietnam, India, Indonesia, New Zealand and Australia)

FINANCIAL REVIEW

Revenue (US\$'000)

The Group reported a 13.6% growth in total revenue, from US\$729.0 million in FY2014 to US\$828.3 million in FY2015. This is due to the higher revenue contributed by the North Asian, Southeast Asian and Indian markets.



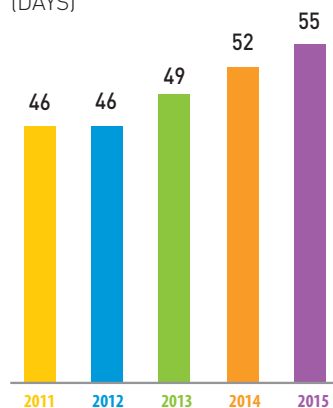
Profit After Taxation (US\$'000)

Net profit after tax amounted to US\$4.4 million this year, which was lower than the US\$7.1 million reported in FY2014. This was due to the one time gain from the disposal of property in FY2014, which amounted to US\$3.6 million.

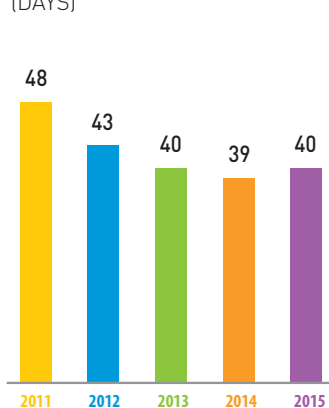
Operational Efficiency

Overall operational efficiency is slightly lower in FY2015. This is due to the higher business requirements and higher inventory balances at the end of the financial year. Debtors' turnover rose from 52 days in FY2014 to 55 days in FY2015 and creditors turnover increased slightly from 39 days to 40 days. Inventory turnover rose from 45 days to 48 days due to the higher stocking requirements, which is in line with the increased revenue this year.

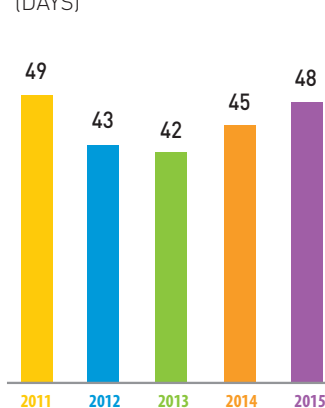
Debtors T/O (DAYS)



Creditors T/O (DAYS)



Inventory T/O (DAYS)



SUSTAINABILITY REPORT

“ Being responsible and delivering sustainable growth has been a fundamental value embedded in our business practices both internally and externally. ”

Excelpoint is committed to improving not just the economic but environmental and social wellbeing of our stakeholders. We aim to create sustainable value in everything we do and our 4 key drivers to achieving this are:-

1/ Engaging Our Stakeholders

2/ Managing Risks To Ensure Sustainability

3/ Ensuring Responsible Business Operations

4/ Helping Our Communities

1/ Engaging Our Stakeholders

Our ongoing engagement with stakeholders allows us to identify, evaluate and develop our sustainability efforts. Our strategies and programs are aligned to our stakeholders' perspectives and expectations.

How we engage:-

Employees:

- Yearly appraisals
- Half-yearly internal reviews
- Welfare and social activities
- Intranet as a platform to communicate with our employees
- Quarterly newsletters to engage our employees

Suppliers/ Customers:

- Quarterly or half-yearly reviews with our suppliers and customers
- Feedback sessions

Investors:

- Quarterly financial announcements
- Announcements on business related news, such as new product releases, new projects and other related news
- Email alerts via Share Investor portal for subscribers to inform investors on the press releases and announcements

- Annual General Meetings ("AGMs") and Extraordinary General Meetings ("EGMs")

Government:

- Participation in forums
- Participation in surveys
- Attending talks and networking sessions held by government bodies and schools to understand the industry and share our perspectives

Media:

- Commentaries on market trends for the local papers

Non-Profit Organisations:

- Meetings with different foundations to learn about areas in which the company can assist

Marketplace (Industry Bodies):

- Meetings with industry bodies
- Participation in trade exhibitions in different countries, such as China and India



2/ Managing Risks To Ensure Sustainability

Excelpoint believes strongly in the importance of identifying, analysing and managing risks in the organization. With a strong risk management framework in place, it gives our business the ability to focus on its core, and it gives our stakeholders the confidence that the business is sustainable.

- **Enterprise Risk Management (“ERM”)**

Risk management is a pertinent exercise that Excelpoint engages yearly. The Company has an ERM Framework and a risk management committee in place for the Group. The said Framework is reviewed by the Audit Committee (“AC”) and approved by the Board. The AC and the Board will assess the adequacy and effectiveness of the ERM framework and processes. With the feedback given, the committee, together with the management work on strategies to prioritise and mitigate the risks that are existent.

3/ Ensuring Responsible Business Operations

Excelpoint is committed to our environment, people and our stakeholders. We believe that being responsible in what we do can add value to our business.

- **Health and Safety**

Excelpoint Systems (Pte) Ltd has attained BizSafe Level 3 in 2014.

We are committed to continuously improve our health and safety management to eliminate injuries and illnesses at our workplace. We are in compliance with the regulatory requirements of the Workplace Safety Health Act (“WSHA”).

- **Standards and Compliances**

Excelpoint Systems (Pte) Ltd has been certified with the International Organization for Standardization (“ISO”), ISO 9001 in 2014.

Our ISO 9001 standards set the requirements necessary for our employees to ensure our customers’ satisfaction through the supply of high quality products and delivering the most professional services.

- **Personal Data Protection Act**

Excelpoint respects employees’, suppliers’ and customers’ data privacy, and has a stringent process in place to ensure data is accessed only by authorised personnel and for authorised use. With this policy, we are able to safeguard data and prevent them from being misused.



4/ Helping our Communities

Year 2015 has been significantly fruitful as we explored new opportunities to return to the society. This year, we continued our efforts to help those in need in a meaningful way.

Singapore

- The Excelpoint Bursary, in collaboration with the Singapore Management University ("SMU") continues in its second year (a total of S\$52,000 dispersed annually for 5 years for the underprivileged students).
- Sponsorship of S\$10,000 for Halogen Foundation's movie screening event, whereby our employees were given the opportunity to catch an early preview of the movie 'Avengers: Age of Ultron'. This donation will help the Network For Teaching Entrepreneurship ("NTE") Program, which is a core program under Halogen Foundation, to educate underprivileged children, aged between 15-19 years old about leadership and entrepreneurship. It was an engaging and meaningful way of letting our employees enjoy a night out with their families and friends!
- Excelpoint donated S\$10,000 as a Bronze Supporter to this year's 'Walk for our Children' event organised by the Singapore Children's Society. This event was held in Sentosa, and the proceeds go to underprivileged children who are part of the Society. Excelpoint is also recognised under the 1,000 Enterprises for Children-in-Need and 1,000 Philanthropists. Our colleagues joined in the fun walk and games with their families!



China

- This year, Excelpoint worked with Sowers Action on their Sending Love Program in the rural areas of China through the donation of S\$6,670 to distribute 300 jackets to the disadvantaged children. The jackets were distributed among the several schools in the Yunnan Province to provide children with shelter from the harsh winter, where temperatures can go as low as -13 °C. This provided relief for the children and improved their learning experience as it allowed them to study without having to be concerned about the extreme weather.



SG50, A YEAR TO REMEMBER

In partnership with Scoot, Excelpoint celebrated Singapore's 50th birthday alongside with 19 other locally born and bred companies. This initiative by Scoot aimed to celebrate Singapore's success over the past 50 years, and Singapore companies who have grown together with the country. Excelpoint is honoured to have our logo placed on the livery of Scoot's newest Boeing 787 Dreamliner, named "Maju-lah". It is a once in a lifetime experience for Excelpoint, as we celebrate Singapore's remarkable success through vision and hard work, which is a great inspiration for us.



CORPORATE STRUCTURE



EXCELPOINT TECHNOLOGY LTD

**EXCELPOINT SYSTEMS (PTE) LTD
SINGAPORE (100%)**

Excelpoint Systems Sdn. Bhd.
Malaysia (100%)

Excelpoint Systems (India) Pvt Ltd
India (100%)

**Excelpoint Systems (Pte) Ltd
(Australia Branch)**
Australia

Representative Offices

India – Bangalore

Indonesia – Jakarta

Philippines – Manila

Thailand – Bangkok

Vietnam – Ho Chi Minh City

**EXCELPOINT SYSTEMS (H.K.) LIMITED
HONG KONG (100%)**

**Excelpoint International Trading
(Shenzhen) Co., Ltd.**
PRC (100%)

**Excelpoint International Trading
(Shanghai) Co., Ltd.**
PRC (100%)

Branches/ Office:

Beijing, Chengdu, Guangzhou, Nanjing,
Qingdao, Shenzhen, Wuhan, Xiamen, Xi'an

**LIGHTS ELECTRONICS PTE LTD
SINGAPORE (100%)**

**PLANETSPARK PTE LTD
SINGAPORE (100%)**

BOARD OF DIRECTORS



ALBERT PHUAY YONG HEN

ALBERT PHUAY YONG HEN is the founder, Chairman and Group Chief Executive Officer. He was appointed as an Executive Director on 18 May 2001 and was last re-elected on 3 April 2013. He is also a member of the Nominating Committee.

He oversees the general management of our business and is also responsible for our Group's strategic direction, planning and business development.

Prior to forming Excelpoint Systems (Pte) Ltd ("ESPL"), Mr. Phuai held various management positions in several companies from 1977 to 1986.

Mr. Phuai holds a Technical Certificate in Electronics from the Institute of Technical Education in Singapore. He also received a Long Service Award certificate from the Ministry of Community Development and Sports in recognition of his voluntary contributions as a Probation Officer since 1985.

ALAN KWAN WAI LOEN was appointed as an Executive Director on 18 May 2001 and was last re-elected on 8 April 2015. He advises and assists the business units on the strategic alliance within the Group.

Mr. Kwan holds a Diploma in Production Engineering from the Singapore Polytechnic, a Diploma in Marketing Management from the Ngee Ann Polytechnic and a Diploma from the Chartered Institute of Marketing in the United Kingdom.



ALAN KWAN WAI LOEN



DAVID KOK FAT KEUNG

DAVID KOK FAT KEUNG was appointed as an Executive Director on 5 July 2001 and was last re-elected on 17 April 2014*.

He is the Chief Operating Officer of Excelpoint Systems (H.K.) Limited ("ESHK") and was appointed as a Director of ESHK in 1995. He is responsible for the general management and business development of ESHK.

Mr. Kok holds an Ordinary Certificate in Electronics Engineering from the Morrison Hill Technical Institute of Hong Kong.

* Mr. David Kok has resigned as a Director of the Company with effect from 6 February 2016.



KWAH THIAM HOCK was appointed as an Independent Director on 18 April 2007 and was re-elected on 3 April 2013. He is the Chairman of the Audit Committee and also a member of the Remuneration Committee and Nominating Committee. He was appointed as Lead Independent Director on 28 February 2014 and a member of the Nominating Committee on 5 March 2015.

Presently, Mr. Kwah also holds Independent Directorships at Select Group Limited, Wilmar International Limited, Teho International Inc. Ltd, and IFS Capital Limited.

Mr. Kwah holds a Bachelor in Accountancy from the National University of Singapore. He is a Fellow CPA of Australian Society of Accountants and also a Fellow Member of both the Institute of Singapore Chartered Accountants and ACCA (UK).



KWAH THIAM HOCK



SUNNY WONG FOOK CHOY

SUNNY WONG FOOK CHOY was appointed as an Independent Director on 13 November 2003 and was re-elected on 17 April 2014. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

He is a practising advocate and solicitor of the Supreme Court of Singapore. He started his legal career in 1982. He is currently the Managing Director of Wong Tan & Molly Lim LLC.

Mr. Wong holds a Bachelor of Laws (Honours) from the National University of Singapore. He is a Director in the following public listed companies in Singapore: Albedo Limited, Mencast Holdings Ltd, KTL Global Limited, Civmec Limited and Innotek Limited.

PROFESSOR LOW TECK SENG was appointed as an Independent Director on 19 April 2006 and was re-elected on 8 April 2015. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

Professor Low is currently the Chief Executive Officer of the National Research Foundation, Singapore, an Independent Director at Singapore Post Limited and ISEC Ltd, and a tenured Professor at both the Nanyang Technological University and the National University of Singapore. He has also been appointed to the Board of Advisors of CORFO, Chile.

He holds a Bachelor of Science (First Class, 1978) and Ph.D (1982) from Southampton University, United Kingdom.



PROFESSOR LOW TECK SENG

KEY MANAGEMENT

PHUAY YONG CHOON is the Managing Director of ESPL, and Group Vice President of Sales. He oversees the Group's sales, and ESPL's overall businesses and operations which include the business units, finance, human resources and administration in the ASEAN region, India and Australia/ New Zealand.

Mr. Phuay holds a Diploma in Electronics and Communications from the Singapore Polytechnic and a Postgraduate Diploma in Sales and Marketing from the Chartered Institute of Marketing in the United Kingdom.

HERBERT KWOK FEI LUNG is the Managing Director of ESHK overseeing ESHK's operations and business activities in Hong Kong/ PRC.

Mr. Kwok holds a Higher Diploma in Marine Electronics from the Hong Kong Polytechnic.

STANLEY CHAN TUNG HONG is the Senior Vice President of Operations of ESPL, and Assistant to CEO. He is responsible for ESPL's overall business activities in the ASEAN region, India and Australia/ New Zealand. He is also assisting the CEO in overall business strategies.

Mr. Chan holds a Bachelor Degree in Engineering (Electrical) awarded with Second Class Honours from the Nanyang Technological University, Singapore.

GE YIXIN is the Senior Vice President of Field Applications of ESHK. He is the head of Field Applications team in Hong Kong/ PRC, responsible for providing technical designs assistance, technical support and engineering consultancy services for customers.

Mr. Ge holds a degree in Automatic Manufacturing Systems from the Shanghai University of Technology and a Master of Engineering degree awarded by the same university.

PHUAY YONG HUA is the Group Senior Vice President of HR & Admin and oversees the human resources and administrative departments of the Group.

Mr. Phuay holds an Electronics Servicing Certificate from the Institute of Technical Education in Singapore.

IVAN LEE SEE THIAM is the Group Chief Financial Officer and oversees the overall financial activities of the Group.

Mr. Lee holds a Masters of Commerce (Accounting and Finance) from The University of Sydney, Australia and a Bachelor of Business Administration awarded with Merit from the National University of Singapore.



REGIONAL PRESENCE



SINGAPORE

Headquarters

AUSTRALIA

Sydney

INDIA

Bangalore
Chennai
Hyderabad
Mumbai
New Delhi
Pune

INDONESIA

Jakarta

MALAYSIA

Kuala Lumpur
Penang

PHILIPPINES

Manila

THAILAND

Bangkok

VIETNAM

Ho Chi Minh City

CHINA

Beijing
Chengdu
Guangzhou
Hong Kong
Nanjing
Qingdao
Shanghai
Shenzhen
Wuhan
Xiamen
Xi'an

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Albert Phuai Yong Hen
(Chairman and Group Chief Executive Officer)
Alan Kwan Wai Loen
David Kok Fat Keung*

Non-Executive

Kwah Thiam Hock (Lead Independent)
Sunny Wong Fook Choy (Independent)
Professor Low Teck Seng (Independent)

AUDIT COMMITTEE

Kwah Thiam Hock (Chairman)
Sunny Wong Fook Choy (Member)
Professor Low Teck Seng (Member)

NOMINATING COMMITTEE

Professor Low Teck Seng (Chairman)
Albert Phuai Yong Hen (Member)
Kwah Thiam Hock (Member)
Sunny Wong Fook Choy (Member)

REMUNERATION COMMITTEE

Sunny Wong Fook Choy (Chairman)
Kwah Thiam Hock (Member)
Professor Low Teck Seng (Member)

COMPANY SECRETARIES

Tan Cher Liang
Wong Yoen Har

REGISTERED OFFICE AND BUSINESS ADDRESS

15 Changi Business Park Central 1
#06-00
Singapore 486057
T +65 6741 8966
F +65 6741 8980
www.excelpoint.com
Company Registration No. 200103280C

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
T +65 6536 5355
F +65 6536 1360

AUDITORS

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

AUDIT PARTNER-IN-CHARGE

Tham Chee Soon
(Since financial year ended 31 December 2014)



* Mr. David Kok has resigned as a director of the Company with effect from 6 February 2016.

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REPORT ON CORPORATE GOVERNANCE

Excelpoint Technology Ltd (the “Company”) is committed to having and maintaining high standards of corporate governance. The Company believes that good corporate governance inculcates an ethical environment and enhances the interest of all shareholders. Since our incorporation on 18 May 2001 and our subsequent admission to the Official List of The Singapore Exchange Securities Trading Limited (the “SGX-ST”), we have taken steps to comply with most of the guidelines of the Code of Corporate Governance 2012 (the “Code”) and is working to adopt the other changes where appropriate.

This Report describes the Company’s corporate governance processes and activities with specific reference made to the principles and guidelines as set out in the Code.

BOARD MATTERS

Principle 1: THE BOARD’S CONDUCT OF AFFAIRS

The principal functions of the Board are:-

- 1.1 Approving the broad policies, strategies and financial objectives of the Company and monitoring the performance of management;
- 1.2 Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- 1.3 Approving the nominations of Directors and appointment of key personnel;
- 1.4 Approving major funding proposals, investment and divestment proposals; and
- 1.5 Assuming responsibility for corporate governance.

The Board makes decisions in material transactions such as major funding proposals, acquisitions and divestments, disposal of assets, corporate or financial restructuring, share issuances, dividends, annual budgets and financial plans of the Group, quarterly and annual financial reports, internal controls and risk management strategies and execution and other matters which require Board’s approval as specified under the Company’s interested person transaction policy.

The Board conducts regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. The Company’s Constitution allows a board meeting to be conducted by way of telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other. The Board is supported by the Audit Committee, Remuneration Committee, Nominating Committee, Excelpoint Performance Share Scheme Committee and Excelpoint Share Option Scheme 2014 Committee.

The Board met 4 times in FY2015 to review the Group’s business operations and financial performance. The attendance of each Director at meetings of the Board and Board Committees during the financial year ended 31 December 2015 is disclosed as follows:-

Attendance at Board and Board Committee Meetings

Name of Directors	Board		Audit Committee (“AC”)		Nominating Committee (“NC”)		Remuneration Committee (“RC”)	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Albert Phua Yong Hen	4	3	-	-	2	2	-	-
Alan Kwan Wai Loen	4	4	-	-	-	-	-	-
David Kok Fat Keung	4	4	-	-	-	-	-	-
Kwah Thiam Hock	4	4	4	4	2	1*	2	2
Sunny Wong Fook Choy	4	4	4	4	2	2	2	2
Professor Low Teck Seng	4	4	4	4	2	2	2	2

* Mr. Kwah Thiam Hock was appointed as a member of the NC on 5 March 2015.

REPORT ON CORPORATE GOVERNANCE

The Company is responsible for arranging and funding regular training for the Company's Directors from time to time particularly on changes in the relevant new laws, regulations and changing commercial risks to enable them to make well-informed decision and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. During the year, the Board was briefed and/ or updated on the changes under the Code and other regulations.

The Company will conduct briefings and orientation programmes to familiarise newly appointed Directors with the various businesses, operations and processes of the Group. Further, newly appointed Directors will be provided with a formal letter setting out their duties and obligations and appropriate training to ensure that they are fully aware of their responsibilities and obligations of being a Director.

Principle 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises two Executive Directors and three Independent Directors. The Board has examined its size and is satisfied that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations. The Independent Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experiences are extensive and complementary.

All appointments and re-elections of Directors are reviewed and recommended by the Nominating Committee ("NC") to the Board. The independence of each Independent Director is reviewed by the Nominating Committee annually in accordance with the guidelines of the Code.

The Board of Directors is as follows:-

Directors

Albert Phuay Yong Hen	(Chairman and Group Chief Executive Officer)
Alan Kwan Wai Loen	(Executive)
David Kok Fat Keung*	(Executive)
Kwah Thiam Hock	(Lead Independent)
Sunny Wong Fook Choy	(Independent)
Professor Low Teck Seng	(Independent)

* Mr. David Kok has resigned as a Director of the Company with effect from 6 February 2016.

The three Independent Directors currently represent more than 50% of the Board. The Board considers an Independent Director as one who has no relationship with the Company, its related companies or its officers, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company. The independence of each Director is reviewed annually by the Nominating Committee. Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines set out in the Code.

Although Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng served on the Board for more than nine years from the date of their first appointments, the NC rigorously reviewed their past contributions to the Group and considered that they are independent in character and judgement and there was no circumstance which would likely affect or appear to affect their judgements. Their lengths of services and in-depth knowledge of the Group's business are viewed by the Board as valuables during board deliberations.

The opinion was arrived at after careful assessment and rigorous reviews by the NC and the Board (save for Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng). The rigorous reviews comprised reviews of, but not limited to, the following factors:-

REPORT ON CORPORATE GOVERNANCE

- (a) the lengths of services of Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng have not compromised the objectivities of Independent Directors and their commitments and abilities to discharge their duties as Independent Directors;
- (b) the abilities of Independent Directors to continue exercising independent judgement in the best interests of the Company, as they do not have any relationship with the Company, its related corporations, substantial shareholders or its officers which could materially impair their exercises of judgements;
- (c) the abilities of the Independent Directors to express their objectives and independent views during Board and Board Committee meetings; and
- (d) the Independent Directors, through their years of involvements with the Company, have gained valuable insights and understandings of the Group's business and together with their diverse experiences and expertises, have contributed and will continue to contribute effectively as Independent Directors by providing impartial and autonomous views at all times.

The Board also recognises the contributions of the Independent Directors who over time have developed deep insights into the Group's businesses and operations, and who are therefore able to provide invaluable contributions to the Board as a whole. As such, the Board would exercise its discretion to extend the term and retain the services of Mr. Sunny Wong Fook Choy, Mr. Kwah Thiam Hock and Professor Low Teck Seng rather than lose the benefit of their contributions.

The Company has a good balance of Directors with a wide range of skills, experiences and qualities in the fields of operations, management, financial, legal and accounting. Each Director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group's strategy and the performance of its business. Profiles of the Directors are found on pages 12 and 13 of this Annual Report.

To facilitate effective management, the Board has delegated specific responsibilities to the following sub-committees, namely:-

- 1) Audit Committee;
- 2) Nominating Committee;
- 3) Remuneration Committee;
- 4) Excelpoint Performance Share Scheme Committee; and
- 5) Excelpoint Share Option Scheme 2014 Committee.

These committees comprise a majority of Independent Directors. The effectiveness of each committee is also constantly monitored by the Board.

Where necessary, the Company co-ordinates informal meeting sessions for Independent Directors to meet without the presence of the management.

Principle 3: ROLE OF CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER ("CEO")

The Chairman and Group CEO, Mr. Albert Phuay Yong Hen, plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. He is responsible for the day-to-day running of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and Management. As the Chairman and Group CEO, he also schedules Board meetings, oversees the preparation of the agenda for Board meetings and ensures the Group's compliance with the Code. The role of the Chairman is not separate from that of the Group CEO as the Board considers that there is considerable accountability and transparency within the Group.

REPORT ON CORPORATE GOVERNANCE

The Independent Directors currently form more than half the composition of the Board and exercise objective judgement on corporate matters impartially, thus ensuring a good balance of power and authority. As such, it would not be necessary for the Group to effect a separation of the role of Chairman and Group CEO.

Mr. Kwah Thiam Hock was appointed as the Lead Independent Director of the Board with effect from 28 February 2014. He works closely with other Independent Directors and when necessary meets with them without the presence of other Directors to discuss matters that were decided at Board meetings. He will continue to avail himself to address shareholders' concerns and act as a counter balance on management issues in the decision making process.

Principle 4: BOARD MEMBERSHIP

Nominating Committee ("NC")

The Nominating Committee comprises the following directors, of whom majority are Independent Directors:-

Professor Low Teck Seng	(Chairman)
Albert Phua Yong Hen	(Member)
Kwah Thiam Hock*	(Member)
Sunny Wong Fook Choy	(Member)

* Mr. Kwah Thiam Hock was appointed as a member of the NC on 5 March 2015.

The NC met twice in FY2015. The NC's principal functions are to:-

- 4.1 Identify candidates and review all nominations for the appointment or re-appointment or re-election of members of the Board of Directors and the members of the various Board Committees for the purpose of proposing such nominations to the Board for its approval;
- 4.2 Determine the criteria for identifying candidates and reviewing nominations for the appointments referred to in paragraph 4.1;
- 4.3 Review regularly the Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experiences, gender and knowledge of the Company and the core competencies of the Directors as a Group;
- 4.4 Decide the manner in which the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;
- 4.5 Assess whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- 4.6 Assess the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board;
- 4.7 Make and review plans for succession, in particular for the Chairman of the Board and Group Chief Executive Officer;
- 4.8 Determine on an annual basis the independence of Directors;
- 4.9 Review on a yearly basis the training programmes for the Board; and
- 4.10 Recommend and review training and professional development programmes for the Board to keep the Board apprised of relevant new laws, regulations and changing commercial risks.

REPORT ON CORPORATE GOVERNANCE

The NC had held a meeting in February 2016 for the nomination of Directors for the Fifteenth Annual General Meeting ("AGM").

The NC has reviewed the independence of each Director for FY2015 in accordance with the Code's definition of independence and is satisfied that more than half of the Board comprises Independent Directors. The NC is of the view that Mr. Kwah Thiam Hock, Mr. Sunny Wong Fook Choy and Professor Low Teck Seng are independent.

The NC has conducted a particular rigorous review of all long serving Independent Directors so as to ascertain that they continue to act independently in decision making and in terms of character and professionalism.

At present, new Directors are appointed by way of a Board resolution, upon the NC's interview and approval of their appointments. The new Directors must submit themselves for re-election at the next AGM of the Company.

In accordance with Article 104 of the Company's Constitution, all Directors shall retire from office at least once every three years and at each AGM, at least one-third of the Directors for the time being shall retire from office by rotation. In addition, Article 105 provides that retiring Directors shall be eligible to offer themselves for re-elections.

The NC, in considering the re-election of a Director, evaluates such Director's contribution and performance, such as his attendance at meetings of the Board and/ or Board committees, participation, candour and any special contribution.

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

The NC is of the opinion that the independence of the non-executive Directors is maintained and that each Director has contributed to the effectiveness of the Board as a whole. The Board has accepted the NC's nomination and has recommended the following Directors, who have given their consents for re-elections, to be put forward for re-election at the forthcoming Annual General Meeting:-

Albert Phuay Yong Hen	(Retiring pursuant to Article 104)
Kwah Thiam Hock	(Retiring pursuant to Article 104)

Although the Independent Directors and the Chairman and Group CEO hold directorships in other companies which are not in the Group, the NC is of the view that there should be no restriction to the number of board representations of each Director and the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective.

The NC identifies, evaluates and selects suitable candidates for new directorships. The NC considers factors such as the ability of the prospective candidates to contribute to discussions, the composition of the Board including the mix of expertise, skills and attributes to the existing Directors so as to identify needed and/ or desired competencies to supplement the Board's existing attributes.

The Company does not have any alternate Directors.

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

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships Held over Preceding Three Financial Years
Albert Phuay Yong Hen	Chairman & Group CEO	18 May 2001	3 April 2013	None	None
Alan Kwan Wai Loen	Executive Director	18 May 2001	8 April 2015	None	None

REPORT ON CORPORATE GOVERNANCE

Name	Appointment	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships Held over Preceding Three Financial Years
David Kok Fat Keung*	Executive Director	5 July 2001	17 April 2014	None	None
Kwah Thiam Hock	Lead Independent Director	18 April 2007	3 April 2013	- Select Group Limited - Wilmar International Limited - Teho International Inc. Ltd - IFS Capital Ltd	None
Sunny Wong Fook Choy	Independent Director	13 November 2003	17 April 2014	- Albedo Limited - Mencast Holdings Ltd - KTL Global Limited - Civmec Limited - Innotek Limited	None
Professor Low Teck Seng	Independent Director	19 April 2006	8 April 2015	- Singapore Post Limited - ISEC Ltd	Innotek Ltd

* Mr. David Kok has resigned as a Director of the Company with effect from 6 February 2016.

Principle 5: BOARD PERFORMANCE

The NC, in considering the re-appointment of any Director, evaluates the performance of the Director. The NC and the Chairman of the Board implemented a self-assessment process that required each Director to assess the performance of the Board as a whole for FY2015. The self-assessment process took into consideration, *inter alia*, board structure, corporate strategy and planning, risk management and internal control, performance measurement and compensation, succession planning, financial reporting, conduct of meetings and communication with shareholders.

Although the Board's performance evaluation does not include a benchmark index of its industry peers, the Board assesses its effectiveness holistically through the completion of a questionnaire by each individual Director which includes questions covering the above-mentioned areas of assessment. The NC collates the results of these questionnaires and formally discusses the results collectively with other Board members to address any areas for improvement.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year. It is of the view that the performance of the Board as a whole has been satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention have been given to the Group by the Directors.

Principle 6: ACCESS TO INFORMATION

Prior to each Board meeting, the Board is supplied with relevant information such as management reports, budgets, financial statements, material events and transactions complete with background and explanations by the management pertaining to matters to be brought before the Board for decision as well as ongoing reports relating to operational and financial performance of the Group.

In addition, the Board has separate and independent access to senior management and the Company Secretaries at all times. The appointment and removal of Company Secretaries are subject to the Board's approval as a whole.

Should Directors, whether individually or as a group, need independent professional advice, the Company Secretaries will, upon direction by the Board, appoint a professional advisor selected by the group or individual, and approved by the Chairman to render advice. The cost of such professional advice will be borne by the Company.

REPORT ON CORPORATE GOVERNANCE

At least one of the Company Secretaries attends all Board meetings and Committee meetings and is responsible to assist the Board to ensure that proper procedure and all other rules and regulations applicable to the Company are complied with.

REMUNERATION MATTERS

Principle 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 8: LEVEL AND MIX OF REMUNERATION

Principle 9: DISCLOSURE ON REMUNERATION

Remuneration Committee ("RC")

The Remuneration Committee comprises the following three Directors, of whom all are Independent Directors:-

Sunny Wong Fook Choy	(Chairman)
Kwah Thiam Hock	(Member)
Professor Low Teck Seng	(Member)

The RC met twice in FY2015. Its principal responsibilities are to:-

- 7.1 Recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as stock options;
- 7.2 Recommend to the Board the structure of the compensation program for Directors and senior management to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and
- 7.3 Review compensation packages of Directors, senior management and employees who are related to the Executive Directors and Controlling Shareholders (including the compensation package of the Chairman and Group CEO) annually and determine appropriate adjustments for approval by the Board.

Each member of the RC refrains from voting on any resolutions in respect of the assessment of his remuneration. No RC member is involved in determining his own remuneration.

Independent Directors do not have service agreements with the Company. The Independent Directors receive Directors' Fees and shares which are recommended by the Board for approval at the Company's AGM.

The Executive Directors do not receive Directors' Fees and are paid based on their Service Agreements with the Company as disclosed in the Company's Prospectus dated 18 December 2003. The Agreements were renewed for a further period of three years from 1 January 2014. In setting the remuneration packages of the Executive Directors, the Company takes into account the performance of the Group and that of the Executive Directors which are aligned with long term interest of the Group.

Key management personnel's remuneration is set in accordance with a remuneration framework comprising salary, variable bonus, shares and benefits-in-kind. In view of the competitive pressures in the labour market on retaining talent, the Company believes that it is not in the best interests of the Company to disclose the names of the top five Key Management Personnel.

The RC can, upon direction by the Board, engage any external professional advice on matters relating to remuneration as and when the need arises.

For competitive reasons, the Company will not fully disclose details of Directors' remuneration within bands of S\$250,000.

REPORT ON CORPORATE GOVERNANCE

The Company believes that the full disclosure of remuneration including the upper limit for the highest remuneration band of its Executive Directors, top five Key Management Personnel and immediate family members of our Chairman and Group CEO as recommended by the Code would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Group's talent pool. The Company has instead disclosed the breakdown in percentage terms of the individual Executive Director's remuneration within appropriate bands whilst the remuneration of the top five Key Management Personnel (who are not Directors of the Company) and immediate family members of our Chairman and Group CEO are presented only in a baseline remuneration band.

The remuneration in FY2015 of the Directors and Key Management Personnel are set out below:-

Directors' and Group CEO's Remuneration

Remuneration Bands	Name of Director	Directors' Fees %	Salary %	Bonus %	Allowance & Benefits %	Share Based %	Total %
S\$500,000 and above	Albert Phua Yong Hen	-	72%	27%	1%	-	100%
S\$500,000 and above	Alan Kwan Wai Loen	-	70%	28%	2%	-	100%
S\$500,000 and above	David Kok Fat Keung	-	73%	27%	-	-	100%
Below S\$250,000	Kwah Thiam Hock	87%	-	-	-	13%	100%
Below S\$250,000	Professor Low Teck Seng	87%	-	-	-	13%	100%
Below S\$250,000	Sunny Wong Fook Choy	87%	-	-	-	13%	100%

Remuneration of Top 5 Key Management Personnel (who are not directors or CEO)

No. of Key Management Personnel	Salary %	Bonus	Allowance & Benefits %	Share Based* %	Total %
S\$250,000 to below S\$500,000					
1	80%	12%	8%	-	100%
1	86%	10%	4%	-	100%
1	94%	0%	6%	-	100%
1	85%	6%	9%	-	100%

No. of Key Management Personnel	Salary %	Bonus	Allowance & Benefits %	Share Based* %	Total %
S\$500,001 to below S\$750,000					
1	81%	6%	5%	8%	100%

The above remuneration bands include performance shares granted to Independent Directors and employees under the Excelpoint Performance Share Scheme.

The annual aggregate amount of the total remuneration paid to top five Key Management Personnel (who are not Directors or Chairman and Group CEO) is approximately S\$1,920,000.

The Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from the Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

REPORT ON CORPORATE GOVERNANCE

There are three (3) employees who are immediate family members of our Chairman and Group CEO and whose remuneration exceeds S\$50,000 for FY2015. Of which, two of them are part of the top five Key Management Personnel as listed above. By the same token, their remunerations in incremental bands of S\$50,000 will not be disclosed.

Name of Employees	Related To
S\$250,000 to below S\$500,000	
Phuay Yong Hua	Mr. Phuay Yong Hen (Chairman and Group CEO)
Phuay Yong Choon	Mr. Phuay Yong Hen (Chairman and Group CEO)

Name of Employees	Related To
Below S\$250,000	
Phuay Li Ying	Mr. Phuay Yong Hen (Chairman and Group CEO)

There are no termination, retirement and post-employment benefits granted to Directors, the Chairman and Group CEO or the top five Key Management Personnel in FY2015.

Excelpoint Performance Share Scheme

The Company has adopted the Excelpoint Performance Share Scheme (the “EPSS”) to increase the Company’s flexibility and effectiveness in its continual efforts to reward, retain and motivate employees to achieve superior performance, which was approved by the shareholders at the Extraordinary General Meeting held on 25 June 2008.

The EPSS Committee members consist of Mr. Albert Phuay Yong Hen, Mr. Kwah Thiam Hock, Mr. Sunny Wong Fook Choy and Professor Low Teck Seng.

On 11 May 2015, 598,000 ordinary shares had been granted and vested to both an employee and the Independent Directors and thereafter, on 19 November 2015, 299,400 ordinary shares had been granted and vested to employees pursuant to the EPSS respectively and the relevant SGXNet announcements had been released accordingly.

Since the commencement of the EPSS, no shares have been granted to any controlling shareholders and their associates pursuant to the vesting of the Awards under the EPSS during FY2015. No Independent Directors and employees in the Group has received shares which, in aggregate, represent 5% or more of the aggregate of the total number of shares available under the EPSS during FY2015.

Excelpoint Share Option Scheme 2014

The Company has adopted the Excelpoint Share Option Scheme 2014 (the “ESOS”), which is primarily a share incentive scheme, to complement the existing EPSS to provide the Company with greater flexibility in tailoring reward and incentive packages suitable for Participants, which was approved by the shareholders at the Extraordinary General Meeting held on 17 April 2014.

The ESOS Committee members consist of Mr. Albert Phuay Yong Hen, Mr. Kwah Thiam Hock, Mr. Sunny Wong Fook Choy and Professor Low Teck Seng.

Since commencement of the ESOS and during the financial year under review, no options or incentive options have been granted under the ESOS to the Participants in the Group including the Company’s controlling shareholders and its associates, Directors and employees of the parent company and its subsidiaries and Executive Directors and employees of the Company’s associated companies.

REPORT ON CORPORATE GOVERNANCE

Accordingly, no participant has received 5% or more of the total number of options or incentive options available under the ESOS.

ACCOUNTABILITY

Principle 10: ACCOUNTABILITY

The Board seeks to continue providing shareholders with a comprehensive view of the Company's financial performance, position and prospects on a quarterly basis.

The Company will continue to update shareholders on the operations and financial position of the Company through quarterly and full year announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

Principle 11: RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

The Company's internal and external auditors conduct annual review of the adequacy and effectiveness of the Company's material internal control systems including financial, operational, compliance and information technology controls and risk assessment and test annually to ensure the adequacy thereof.

As part of the annual statutory audit on financial statements, the external auditors report to the AC and the appropriate level of management any material weaknesses in financial controls over the areas which are significant to the audit. The AC also reviews the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The Board has received assurance from the Chairman and Group CEO, the Group Chief Financial Officer ("CFO") as well as the internal auditor that in respect of the past 12 months, the financial records of the Company have been properly maintained and the Company's financial statements give a true and fair view of the Company's operations and finances; and the Company's risk management and internal control systems are adequate and effective.

The Board of Directors and the Audit Committee have reviewed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational and compliance risks. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology and risk management systems, were adequate and effective as at 31 December 2015.

REPORT ON CORPORATE GOVERNANCE

Principle 12: AUDIT COMMITTEE (“AC”)

The AC comprises the following three Directors, all of whom are Independent Directors:-

Kwah Thiam Hock (Chairman)
Sunny Wong Fook Choy (Member)
Professor Low Teck Seng (Member)

All the members of the AC have had many years of experience in senior management positions in different sectors. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC’s functions.

The AC meets quarterly to perform the following key functions:-

- 12.1 Recommend to the Board of Directors, the external and internal auditors to be nominated, approve the remuneration of the external auditors, and review the scope and results of the audit;
- 12.2 Review all non-audit services provided by the external auditors so as to ensure that any provision of such services would not affect the independence of the external auditors;
- 12.3 Review (with the other committees, management, and the external and internal auditors) significant risks or exposures that exist and assess the steps management has taken to minimise such risk to the Company;
- 12.4 Review interested person transaction;
- 12.5 Review with the Group CFO and external auditors at the completion of the annual examination:-
 - The external auditors’ audit of the annual financial statements and reports;
 - The adequacy of the Group’s system of accounting controls;
 - The level of assistance and cooperation given by management to external auditors;
 - Any significant findings and recommendations of the external auditors and internal auditors and the related management’s responses thereto; and
 - Any significant changes required in the external auditors’ audit plan, any serious difficulties or disputes with management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit.
- 12.6 Review legal and regulatory matters that may have a material impact on the financial statements’ related exchange compliance policies, and programs and reports received from regulators;
- 12.7 Report actions and resolutions of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- 12.8 Review the adequacy and effectiveness of the Company’s risk management and internal control systems (including financial, operational, compliance and information technology controls) and to report to the Board annually.

The AC has expressed power to conduct or authorise investigations into any matters within its terms of reference. Minutes of AC meetings are regularly submitted to the Board for its information and review.

Pursuant to Listing Rule 716, the Board and the AC are satisfied that the appointment of different auditors for its significant subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

REPORT ON CORPORATE GOVERNANCE

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

The AC has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before confirming their re-nomination. The audit service and non-audit service fees paid or payable to the external auditors of the Company for the financial year ended 31 December 2015 amounted to US\$219,000 and US\$12,000 respectively.

The AC also meets with the external auditors, without the presence of management, at least once a year. For FY2015, the AC met once with the external auditors without presence of the management.

The AC has full access to and co-operation of the management and external and internal auditors including full discretion to invite any Director or key management personnel to attend the meetings, and has been given reasonable resources to enable it to discharge its functions and duties.

The accounts for the year were audited by Ernst & Young LLP and the AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as Auditors at the forthcoming AGM.

The Company has in place a whistle-blowing framework, which provides an avenue for the employees of the Company to raise concerns about improprieties and the independent investigation of such matters by the AC. Contact details of AC have been made available to all employees.

The AC shall commission and review the findings of internal investigations where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/ or financial position. There was no whistle-blowing letters received during the year.

Principle 13: INTERNAL AUDIT

The Company has outsourced the internal audit function to Messrs Baker Tilly Consultancy (Singapore) Pte Ltd. The internal audit function is to review key business processes of the Company and its material subsidiaries with the primary objective of identifying significant control issues that the AC and management should focus their attention on.

In the discharge of its functions, the internal auditors report directly to the Chairman of the AC on functional matters and to the Group CFO on administrative matters. The AC reviews and approves the internal audit plans annually and ensures that resources are adequate to perform the function effectively.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: SHAREHOLDERS RIGHTS

Principle 15: COMMUNICATION WITH SHAREHOLDERS

Principle 16: GREATER SHAREHOLDER PARTICIPATION

The Company does not practise selective disclosure of material information. Material and price-sensitive information is always released on SGXNet after trading hours. Results and annual reports are announced or issued within the mandatory periods and are available on the Company's website. When press conferences and briefings are held on major events and financial results, the management will only meet the press and analysts after the announcement is released on SGXNet.

REPORT ON CORPORATE GOVERNANCE

All shareholders of the Company receive the annual report and Notice of AGM. The Notice is also advertised in a national newspaper. At AGMs, shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company. Separate resolutions on each distinct issue are proposed at general meetings for approval. The external auditors and legal advisors (if necessary) are present to assist the Directors in addressing any queries by shareholders.

The Constitution allows a member of the Company to appoint not more than two proxies to attend and vote in place of the member.

The participation of shareholders is encouraged at the AGM through open question and answer session. The Chairman of the Audit, Remuneration and Nominating Committees are available at the AGM to address any queries or concerns and the external auditors are also available to assist the Directors in addressing any relevant queries from the shareholders.

For greater transparency and fairness in the voting process, voting for all resolutions passed at shareholders' meetings were conducted by poll since 2015 and the voting results of the general meetings, including the total numbers of votes casted for or against each resolution, are released via SGXNET on the same day.

The Company will review its Constitution from time to time and make amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing the continuing obligations.

The Company does not have any dividend policy. However, depending upon the Group's operating results, financial conditions, other cash requirements including capital expenditure, terms of borrowing arrangements and other factors deemed relevant by the Directors, the Company does consider positively the payment of annual dividend.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and management. These are available to shareholders upon their request.

DEALINGS IN SECURITIES

The Company has adopted an Internal Compliance Code on Securities Transactions ("Internal Compliance Code") to Directors and key employees (including employees with access to price-sensitive information to the Company's shares) of the Group setting out the Code of Conduct on transactions in the Company's shares by these persons in compliance with the Rule 1207(19) of the Listing Manual of the SGX-ST.

The Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group. The Company and its Directors and officers are advised and informed via email that they are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, or one month before the announcement of the Company's full year financial results and ending one trading day after the announcement of the relevant results or when they are in possession of any unpublished price-sensitive information of the Group.

In compliance with Rule 1207(19)(b), the Internal Compliance Code forbids its officers from dealing in the Company's securities on short-term considerations.

REPORT ON CORPORATE GOVERNANCE

In accordance with the guidelines on share purchase under the Share Buyback Mandate, renewed annually at the Company's AGM, the Company will not undertake any purchase or acquisition of shares pursuant to the proposed Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information has been publicly announced. In particular, in line with the Internal Compliance Code, the Company will not purchase or acquire any 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 one month before the release of the Company's full year financial statements and ending one trading day after the announcement of the relevant results.

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the SGX-ST Listing Manual, the Company confirms that except as disclosed in the "Interested Person Transactions" below, there were no material contracts entered into by the Company or its subsidiaries involving the interest of any Director or Chairman and Group CEO or controlling shareholders for the financial year ended 31 December 2015.

INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions during the financial year ended 31 December 2015 were as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Albert Phuai Yong Hen	US\$123,600	Rental of office premises	N.A.

On Behalf of the Directors,

Albert Phuai Yong Hen
Chairman and Group CEO
Singapore

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Excelpoint Technology Ltd (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 2015.

1. Opinion of the Directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheets and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial position and performance, changes in equity and cash flows of the Group and 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.

2. Directors

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

Albert Phuai Yong Hen (Chairman and Group Chief Executive Officer)
 Alan Kwan Wai Loen
 Kwah Thiam Hock
 Sunny Wong Fook Choy
 Professor Low Teck Seng

3. Arrangements to enable directors to acquire shares and debentures

Except as described in paragraph 6 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.

4. 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 of the Company as stated below:-

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year *	At the beginning of financial year	At the end of financial year*
Ordinary shares of the Company				
Albert Phuai Yong Hen	239,507,520	47,901,504	12,990,840	2,598,168
Alan Kwan Wai Loen	31,291,220	6,258,244	—	—
Sunny Wong Fook Choy	100,000	40,000	—	—
Professor Low Teck Seng	—	20,000	—	—
Kwah Thiam Hock	—	20,000	—	—

* On 11 August 2015, the Company completed the consolidation of every five existing issued shares in the capital of the Company into one ordinary share in the capital of the Company. As a result of the exercise, the total issued share capital of the Company comprises 102,124,040 consolidated shares.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Albert Phuai Yong Hen, Alan Kwan Wai Loen, Sunny Wong Fook Choy, Professor Low Teck Seng and Kwah Thiam Hock are deemed to have interests in shares of the subsidiaries of the Company, all of which are wholly-owned by the Company.

DIRECTORS' STATEMENT

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

5. 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.

6. Share plans

Options

At an Extraordinary General Meeting held on 17 April 2014, shareholders approved the Excelpoint Share Option Scheme (the "ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and group employees.

The ESOS is administered by Albert Phuay Yong Hen, Sunny Wong Fook Choy, Professor Low Teck Seng and Kwah Thiam Hock.

As at the date of this report and since the commencement of the ESOS until the end of the financial year, no options have been granted under the ESOS.

Eligibility

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the ESOS:

- (a) Confirmed Employees or Associated Company Employees; and
- (b) Non-Executive Directors,

who have attained the age of twenty-one (21) years on or before the date of grant and are not undischarged bankrupts and who have not entered into a composition with his or her creditors.

Persons who are Controlling Shareholders or their Associates are not eligible to participate in the ESOS.

Performance shares

The Company has adopted the Excelpoint Performance Share Scheme ("EPSS"), which was approved by the shareholders at the Extraordinary General Meeting held on 25 June 2008.

EPSS is administered by Albert Phuay Yong Hen, Kwah Thiam Hock, Sunny Wong Fook Choy and Professor Low Teck Seng.

Eligibility

The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the Scheme at the absolute discretion of the Committee:

- (a) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and

DIRECTORS' STATEMENT

6. Share plans (cont'd)

Performance shares (cont'd)

(b) Non-Executive Directors who have attained the age of 21 years on or before the date of grant of the Award.

Controlling Shareholders and their Associates shall be eligible to participate in the Scheme. However, the aggregate number of shares available to Controlling Shareholders and their Associates must not exceed 25% of the shares available under the Scheme. The number of shares available to each Controlling Shareholder or his Associate must also not exceed 10% of the shares available under the Scheme.

As at the date of this report, the Company has granted 897,400 shares to its directors and employees during the year 2015 (2014: 2,444,000 shares).

Name of Participant	Number of shares comprised in Awards during financial review (including terms)	Aggregate number of shares comprised in Awards from commencement of Scheme to the end of financial year under review	Number of shares comprised in Awards which have allotted and/or transferred during the financial year under review	Number of shares comprised in Awards not released during financial year under review	Proportion of shares comprised in Awards which have vested during financial review
Directors of the Company*					
Kwah Thiam Hock	20,000	20,000	20,000	Nil	20,000
Low Teck Seng	20,000	20,000	20,000	Nil	20,000
Wong Fook Choy	20,000	20,000	20,000	Nil	20,000

* The Awards were granted on 11 May 2015 made pursuant to a resolution passed at the Annual General Meeting of the Company held on 17 April 2014 wherein an aggregate number of 300,000 ordinary shares in the capital of the Company will be granted to the Independent Directors of the Company under EPSS as part of their respective remuneration for the financial year from 1 January 2014 to 31 December 2014.

The aggregate number of 300,000 ordinary shares granted on 11 May 2015 have been consolidated into 60,000 after the Company has conducted a share consolidation of every five (5) existing ordinary shares in the capital of the Company into one (1) consolidated share in the capital of the Company.

Since the commencement of the EPSS until the end of the financial year:

- No Awards have been granted to the controlling shareholders of the Company and their associate; and
- No participant has received 5% or more of the total awards available under the EPSS.

7. Audit Committee

The audit committee (AC) carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:-

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the internal and external auditors;

DIRECTORS' STATEMENT

7. Audit Committee (cont'd)

- Reviewed the quarterly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

8. Auditor

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

On behalf of the Board of Directors,

Albert Phua Yong Hen
Director

Alan Kwan Wai Loen
Director

Singapore
26 February 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Excelpoint Technology Ltd

Report on the financial statements

We have audited the accompanying financial statements of Excelpoint Technology Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 37 to 80, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore
26 February 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

		Group	
	Note	2015 US\$'000	2014 US\$'000
Revenue	4	828,283	728,968
Cost of sales		(780,080)	(684,693)
Gross profit		48,203	44,275
Other income	5	653	4,678
Sales and distribution costs		(26,739)	(24,480)
General and administrative expenses		(13,268)	(14,405)
Interest expense	6	(1,786)	(1,371)
Other expenses		(1,564)	(1,240)
Profit before taxation	7	5,499	7,457
Income tax expense	8	(1,144)	(374)
Profit for the year and attributable to equity holders of the Company		4,355	7,083
Earnings per share attributable to equity holders of the Company (cents per share)	9	4.26	6.97

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 2015

	Note	Group 2015 US\$'000	2014 US\$'000
Profit for the year		4,355	7,083
<u>Other comprehensive income:-</u>			
Items that may be reclassified subsequently to profit or loss:-			
Foreign currency translation		(20)	–
Net (loss)/gain on fair value changes of available-for-sale financial assets		(414)	297
Other comprehensive income for the year		(434)	297
Total comprehensive income for the year and attributable to equity holders of the Company		3,921	7,380

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

BALANCE SHEETS

As at 31 December 2015

		Group		Company	
	Note	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Non-current assets					
Property, plant and equipment	10	1,870	2,322	—	—
Intangible assets	11	326	326	—	—
Investments in subsidiaries	12	—	—	13,049	13,049
Investment securities	13	1,756	2,115	1,756	2,115
Deferred tax assets	23	30	49	—	—
		3,982	4,812	14,805	15,164
Current assets					
Trade debtors	14	135,238	115,374	5	6
Other debtors	15	891	894	—	—
Prepayments		295	328	2	2
Stocks	16	111,613	93,058	—	—
Amounts due from subsidiaries	17	—	—	18,759	19,164
Cash and short-term deposits	19	10,724	11,847	881	488
		258,761	221,501	19,647	19,660
Current liabilities					
Trade creditors and accruals	20	(93,088)	(76,800)	(449)	(920)
Other creditors	21	(10,235)	(10,361)	(24)	(37)
Interest-bearing loans and borrowings	22	(99,445)	(80,951)	—	—
Amounts due to subsidiaries		—	—	(78)	—
Provision for taxation		(2,792)	(1,974)	(14)	(12)
		(205,560)	(170,086)	(565)	(969)
Net current assets		53,201	51,415	19,082	18,691
Net assets		57,183	56,227	33,887	33,855
Equity attributable to equity holders of the Company					
Share capital	24	32,410	32,294	32,410	32,294
Reserves		24,773	23,933	1,477	1,561
		57,183	56,227	33,887	33,855

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 2015

2015 Group	Attributable to equity holders of the Company							
	Equity, total US\$'000	Share capital (Note 24(a)) US\$'000	Reserves, total US\$'000	Revenue reserve US\$'000	Fair value reserve (Note 25(c)) US\$'000	Statutory reserve fund (Note 25(a)) US\$'000	Foreign currency translation reserve (Note 25(b)) US\$'000	Other capital reserve (Note 25(d)) US\$'000
Opening balance at 1 January 2015	56,227	32,294	23,933	24,180	677	25	(1,176)	227
Profit for the year	4,355	–	4,355	4,355	–	–	–	–
<u>Other comprehensive income</u>								
Items that may be reclassified subsequently to profit or loss:-								
Foreign currency Translation	(20)	–	(20)	–	–	–	(20)	–
Net loss on fair value changes of available- for-sale financial assets	(414)	–	(414)	–	(414)	–	–	–
Other comprehensive income for the year	(434)	–	(434)	–	(414)	–	(20)	–
Total comprehensive income for the year	3,921	–	3,921	4,355	(414)	–	(20)	–
<u>Distributions to equity holders</u>								
Issuance of new shares	116	116	–	–	–	–	–	–
Dividends on ordinary shares	(3,081)	–	(3,081)	(3,081)	–	–	–	–
Total distributions to equity holders	(2,965)	116	(3,081)	(3,081)	–	–	–	–
Closing balance at 31 December 2015	57,183	32,410	24,773	25,454	263	25	(1,196)	227

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 2015

2014 Group	Attributable to equity holders of the Company									
	Equity, total US\$'000	Share capital (Note 24(a)) US\$'000	Treasury shares (Note 24(b)) US\$'000	Reserves, total US\$'000	Revenue reserve US\$'000	Fair value reserve (Note 25(c)) US\$'000	Statutory reserve fund (Note 25(a)) US\$'000	Foreign currency translation reserve (Note 25(b)) US\$'000	Other capital reserve (Note 25(d)) US\$'000	
Opening balance at 1 January 2014	51,860	32,294	(96)	19,662	20,330	380	25	(1,176)	103	
Profit for the year	7,083	—	—	7,083	7,083	—	—	—	—	
<u>Other comprehensive income</u>										
Items that may be reclassified subsequently to profit or loss:-										
Net gain on fair value changes of available- for-sale financial assets	297	—	—	297	—	297	—	—	—	
Other comprehensive income for the year	297	—	—	297	—	297	—	—	—	
Total comprehensive income for the year	7,380	—	—	7,380	7,083	297	—	—	—	
<u>Distributions to equity holders</u>										
Treasury shares transferred to employees	220	—	96	124	—	—	—	—	124	
Dividends on ordinary shares	(3,233)	—	—	(3,233)	(3,233)	—	—	—	—	
Total distributions to equity holders	(3,013)	—	96	(3,109)	(3,233)	—	—	—	124	
Closing balance at 31 December 2014	56,227	32,294	—	23,933	24,180	677	25	(1,176)	227	

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 2015

2015 Company	Attributable to equity holders of the Company						
	Equity, total US\$'000	Share capital (Note 24(a)) US\$'000	Treasury shares (Note 24(b)) US\$'000	Reserves, total US\$'000	Revenue Reserve US\$'000	Fair value reserve fund (Note 25(c)) US\$'000	Other capital reserve (Note 25(d))
Opening balance at 1 January 2015	33,855	32,294	–	1,561	657	677	227
Profit for the year	3,411	–	–	3,411	3,411	–	–
<u>Other comprehensive income</u>							
Net loss on fair value changes of available-for-sale financial assets	(414)	–	–	(414)	–	(414)	–
Other comprehensive income for the year	(414)	–	–	(414)	–	(414)	–
Total comprehensive income for the year	2,997	–	–	2,997	3,411	(414)	–
<u>Distributions to equity holders</u>							
Issuance of new shares	116	116	–	–	–	–	–
Dividends on ordinary shares	(3,081)	–	–	(3,081)	(3,081)	–	–
Total distributions to equity holders	(2,965)	116	–	(3,081)	(3,081)	–	–
Closing balance at 31 December 2015	33,887	32,410	–	1,477	987	263	227
2014 Company							
Opening balance at 1 January 2014	33,269	32,294	(96)	1,071	588	380	103
Profit for the year	3,302	–	–	3,302	3,302	–	–
<u>Other comprehensive income</u>							
Net gain on fair value changes of available-for-sale financial assets	297	–	–	297	–	297	–
Other comprehensive income for the year	297	–	–	297	–	297	–
Total comprehensive income for the year	3,599	–	–	3,599	3,302	297	–
<u>Distributions to equity holders</u>							
Treasury shares transferred to employees	220	–	96	124	–	–	124
Dividends on ordinary shares	(3,233)	–	–	(3,233)	(3,233)	–	–
Total distributions to equity holders	(3,013)	–	96	(3,109)	(3,233)	–	124
Closing balance at 31 December 2014	33,855	32,294	–	1,561	657	677	227

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 2015

	Group	
	2015	2014
	US\$'000	US\$'000
Operating activities		
Profit before taxation	5,499	7,457
Adjustments for:-		
Interest income	(34)	(24)
Interest expense	1,786	1,371
Depreciation of property, plant and equipment	812	1,004
Dividend income from investment securities	(191)	(197)
Loss/ (gain) on disposal of property, plant and equipment	2	(3,615)
Property, plant and equipment written off	—	7
Net fair value loss on financial instruments	24	396
Treasury shares transferred to employees	—	220
Share based payments under EPSS	70	—
Operating cash flows before changes in working capital	7,968	6,619
Changes in working capital:-		
Increase in stocks	(18,555)	(16,654)
Increase in trade debtors, other debtors and prepayments	(19,819)	(20,967)
Increase in trade creditors, accruals and other creditors	16,208	10,845
Cash flows used in operations	(14,198)	(20,157)
Interest received	34	24
Interest paid	(1,786)	(1,371)
Income tax paid	(308)	(682)
Net cash flows used in operating activities	(16,258)	(22,186)
Investing activities		
Purchase of property, plant and equipment	(368)	(501)
Proceeds on disposals of property, plant and equipment	—	5,191
Dividend income from investment securities	106	124
Net cash flows (used in)/ generated from investing activities	(262)	4,814
Financing activities		
Increase in interest-bearing loans and borrowings	18,494	21,625
Dividend paid on ordinary shares	(3,081)	(3,233)
Net cash flows generated from financing activities	15,413	18,392
Net (decrease)/ increase in cash and short-term deposits	(1,107)	1,020
Effects of exchange rate changes on cash and short-term deposits	(16)	—
Cash and cash equivalents at 1 January	11,847	10,827
Cash and short-term deposits at 31 December (Note 19)	10,724	11,847

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

1. Corporate information

Excelpoint Technology Ltd (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 15 Changi Business Park Central 1, #06-00, Singapore 486057.

The principal activities of the Company are that of an investment holding company and the provision of support services to its subsidiaries. The principal activities of the subsidiaries include the trading of electronics equipment, sale and distribution of electronic components and dealers of all types of electronic and electrical components and accessories.

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 have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars (“USD” or “US\$”) and all values are rounded to the nearest thousand (US\$’000) except when otherwise indicated.

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 2015. 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:-

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
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
Improvements to FRSs (November 2014)	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

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

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2015 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 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 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 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:-

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

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

(a) Basis of consolidation (cont'd)

Basis of consolidation from 1 January 2010 (cont'd)

- 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; and
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:-

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying values of such investments as at 1 January 2010 have not been restated.

(b) Business combinations

Business combination from 1 January 2010

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 dates. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquired 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 profit or loss 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.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

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

(b) Business combinations (cont'd)

Business combination from 1 January 2010 (cont'd)

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. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combination prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:-

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.5 Foreign currency

The financial statements are presented in United States 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.5 Foreign currency (cont'd)

(a) Transactions and balances (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss 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 profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss 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 profit or loss.

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 profit or loss. For partial disposals of Associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.6 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. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.17. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:-

Leasehold building	-	40 years (remaining lease of the land)
Furniture and fittings	-	5 years
Office equipment	-	3 - 5 years
Motor vehicles	-	4 - 10 years
Computers	-	3 - 5 years
Renovations	-	the lower of remaining lease period and 5 years

The carrying values 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 profit or loss in the year the asset is derecognised.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.7 *Intangible assets*

Intangible assets consisting club memberships are initially recorded at cost. Following initial recognition, club memberships are carried at cost less any accumulated impairment losses. The useful lives of club memberships are assessed to be indefinite as these are lifetime memberships and have no dates of expiry and are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

2.8 *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 such indication exists, or when 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 groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations are recognised in profit or loss, 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.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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 profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 *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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.10 Financial Instruments

(a) 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.

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has designated forward currency contract upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) *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 profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

Available-for-sale financial assets include equity and debt 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. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.10 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

(iii) Available-for-sale financial assets (cont'd)

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 profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss 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 consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales of a financial asset

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.

(b) 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

The measurement of financial liabilities depends on their classification as follows:-

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has designated forward currency contract upon initial recognition at fair value through profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.10 *Financial Instruments (cont'd)*

(b) Financial liabilities

Subsequent measurement (cont'd)

(ii) *Financial liabilities at amortised cost*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss 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 expired. 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 profit or loss.

2.11 *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 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 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 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 profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset 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 been 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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.11 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

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 profit or loss.

(b) *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.

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 profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits in banks.

2.13 *Stocks*

Stocks are stated at the lower of cost and net realisable value. Costs incurred in bringing the stocks to their present location and condition are accounted at purchase costs on a first-in first-out basis for trading stocks.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of stocks 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 necessary to make the sale.

2.14 *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 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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.15 *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 profit or loss 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 profit or loss.

2.16 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore and Hong Kong companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore and the Mandatory Provident Fund ("MPF") scheme in Hong Kong, respectively which are defined contribution pension schemes. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) *Share-based payments*

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/ or service conditions are fulfilled in employee benefits expense. 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 statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.17 **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.

2.18 **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.

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 profit or loss. 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 profit or loss 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.

2.19 **Revenue**

Revenue is recognised to the extent that 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 following specific recognition criteria must also be met before revenue is recognised:-

(a) **Sale of goods**

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) **Commission income**

Commission income is recognised as and when services are rendered.

(c) **Interest income**

Interest income is recognised using the effective interest method.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.19 Revenue (cont'd)

(d) **Grant income**

Grant income, pertaining to research and development activities, is recognised at their fair value in profit or loss as and when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

(e) **Dividend income**

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

2.20 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 at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, 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, Associates and interests in joint ventures, 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, Associates and interests in joint ventures, 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 FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.20 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 profit or loss is recognised outside profit or loss. 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 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 is incurred during the measurement period or in profit or loss.

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.21 **Segment reporting**

For management purposes, the Group is organised into operating segments based on geographical area of the business unit 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 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 **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.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (cont'd)

2.23 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.24 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.

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.

2.25 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.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

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

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. The carrying amount of the Group's provision for taxation and deferred tax assets at the balance sheet date was US\$2,792,000 (2014: US\$1,974,000) and US\$30,000 (2014: US\$49,000) respectively.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of loans and receivables

The Group assesses at the end of each reporting period 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 the 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 end of the reporting period is disclosed in Note 14, 15, and 19 to the financial statements.

(b) Allowance for slow-moving and obsolete stocks

The Group carried out stocks review on a product-by-product basis to determine the allowance for slow-moving stocks and whether stocks are stated at the lower of cost and net realisable value. For the purpose of determining whether stocks are stated at the lower of cost and net realisable value, management's estimates of the net realisable value of the stocks at the end of the reporting period are based primarily on the latest selling prices and the market conditions. The Group's allowances for stocks as at 31 December 2015 are disclosed in Note 16 to the financial statements.

4. Revenue

	Group	
	2015 US\$'000	2014 US\$'000
Sale of goods	828,229	728,785
Commission income	54	183
	<u>828,283</u>	<u>728,968</u>

5. Other income

	Group	
	2015 US\$'000	2014 US\$'000
Other income includes:-		
Interest income on bank deposits	34	24
Grant and subsidy income	115	7
Dividend income from investment securities	191	197
Unclaimed customer deposits	264	—
Gain on disposal of property, plant and equipment	—	3,615
Gain from the partial disposal of business activities in the research and development division	—	500
	<u>—</u>	<u>500</u>

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

6. Interest expense

	Group	
	2015 US\$'000	2014 US\$'000
Interest expense on:-		
Bank loans and borrowings (including bank overdrafts)	(1,786)	(1,371)

7. Profit before taxation

The following items have been included in arriving at profit before tax:-

	Group	
	2015 US\$'000	2014 US\$'000
Net fair value loss on financial instruments	(24)	(396)
Stocks recognised as an expense in cost of sales (Note 16)	(778,885)	(683,522)
Net stocks written down (Note 16)	(461)	(1,097)
Property, plant and equipment written off	—	(7)
Loss on disposal of property, plant and equipment	(2)	—
Depreciation of property, plant and equipment (Note 10)	(812)	(1,004)
(Impairment) and reversal of impairment of financial assets		
- Allowance for doubtful trade debts (Note 14)	(1,655)	(481)
- Allowance for doubtful trade debts written back (Note 14)	585	343
Net foreign exchange loss	(1,201)	(227)
Employee benefits expenses (including directors)		
- Salaries and bonuses	(20,835)	(21,279)
- Contributions to CPF and other defined contribution pension schemes	(3,073)	(2,949)
- Other short term benefits	(1,491)	(1,996)
- Share-based payments	(70)	(220)
Audit fees paid to:-		
- Auditors of the Company	(219)	(242)
- Other auditors	(17)	(4)
Non-audit fees paid to:-		
- Auditors of the Company	(12)	(43)
- Other auditors	(1)	(1)

8. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December are:-

	Group	
	2015 US\$'000	2014 US\$'000
Consolidated income statement		
Current income tax		
- Current year	(1,123)	(773)
- (Under)/ over provision in respect of previous years	(2)	386
Deferred income tax		
- Origination and reversal of temporary differences	(19)	13
Income tax expense recognised in profit or loss	(1,144)	(374)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8. Income tax expense (cont'd)

(b) *Relationship between tax expense and accounting profit*

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the financial years ended 31 December are as follows:-

	Group	
	2015 US\$'000	2014 US\$'000
Profit before taxation	5,499	7,457
Tax expense at statutory tax rate of 17% (2014: 17%)	(935)	(1,268)
Adjustments:-		
Non-deductible expenses	(416)	(348)
Income not subject to taxation	35	897
Tax rebates and tax incentives	87	42
Difference in tax rates of overseas subsidiaries	10	67
(Under)/ over provision in respect of previous years	(2)	386
Losses of foreign subsidiaries not available for set-off against profits of other companies within the Group	(23)	(178)
Benefits from previously unutilised capital allowance	–	13
Utilisation of prior year tax losses	99	–
Others	1	15
Income tax expense recognised in profit or loss	(1,144)	(374)

9. Earnings per share

Basic earnings per share are calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 December:-

	Group	
	2015	2014
Profit for the year attributable to equity holders of the Company used in the computation of basic earnings per share (US\$'000)	4,355	7,083
Weighted average number of ordinary shares, excluding treasury shares, for basic earnings per share computation ('000)	102,214	101,573

As there were no share options and warrants granted, the basic and diluted earnings per share are the same.

On 11 August 2015, the Company completed the consolidation of every five existing issued shares in the capital of the Company into one ordinary share in the capital of the Company. As a result of the exercise, the total issued share capital of the Company comprises 102,124,040 consolidated shares.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10. Property, plant and equipment

Group	Furniture and fittings US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Computers US\$'000	Renovations US\$'000	Leasehold building US\$'000	Total US\$'000
Cost:-							
At 1 January 2014	590	2,936	1,821	2,085	1,666	4,039	13,137
Additions	9	48	216	190	38	—	501
Written off during the year	—	(23)	—	(40)	—	—	(63)
Disposals	—	—	(145)	(28)	—	(3,688)	(3,861)
Exchange differences	1	2	—	(3)	—	2	2
At 31 December 2014 and 1 January 2015	600	2,963	1,892	2,204	1,704	353	9,716
Additions	24	69	20	195	56	4	368
Written off during the year	(8)	(93)	—	(54)	(256)	(2)	(413)
Disposals	(2)	(24)	—	(39)	—	—	(65)
Exchange differences	—	(1)	22	(21)	(4)	—	(4)
At 31 December 2015	614	2,914	1,934	2,285	1,500	355	9,602
Accumulated depreciation:-							
At 1 January 2014	454	2,630	827	1,407	1,177	2,233	8,728
Depreciation charge for the year	41	149	190	254	168	202	1,004
Written off during the year	—	(16)	—	(40)	—	—	(56)
Disposals	—	—	(145)	(22)	—	(2,118)	(2,285)
Exchange differences	—	—	—	—	3	—	3
At 31 December 2014 and 1 January 2015	495	2,763	872	1,599	1,348	317	7,394
Depreciation charge for the year	40	103	218	256	175	20	812
Written off during the year	(8)	(93)	—	(54)	(256)	(2)	(413)
Disposals	(2)	(22)	—	(39)	—	—	(63)
Exchange differences	(1)	(1)	6	(1)	(1)	—	2
At 31 December 2015	524	2,750	1,096	1,761	1,266	335	7,732
Net carrying amount:-							
At 31 December 2014	105	200	1,020	605	356	36	2,322
At 31 December 2015	90	164	838	524	234	20	1,870

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11. Intangible assets

Group	Club memberships US\$'000
Cost:-	
At 1 January 2014, 31 December 2014 and 31 December 2015	347
Accumulated impairment:-	
At 1 January 2014, 31 December 2014 and 31 December 2015	(21)
Net carrying amount:-	
At 31 December 2014 and 31 December 2015	326

12. Investments in subsidiaries

	Company 2015 US\$'000	2014 US\$'000
Unquoted shares, at cost	13,049	13,049

The subsidiaries as at 31 December are:-

The subsidiaries as at 31 December are:						
Name	Country of incorporation	Principal activities (Place of business)	Unquoted equity shares, at cost		Proportion (%) of ownership interest	
			2015 US\$'000	2014 US\$'000	2015 %	2014 %
<i>Held by the Company</i>						
Excelpoint Systems (Pte) Ltd ⁽¹⁾	Singapore	Trading of electronic components (Singapore)	3,927	3,927	100	100
Excelpoint Systems (H.K.) Limited ⁽²⁾	Hong Kong	Trading of electronic components (Hong Kong)	5,951	5,951	100	100
Lights Electronics Pte Ltd ⁽¹⁾	Singapore	Dormant	3,171	3,171	100	100
PlanetSpark Pte. Ltd. ⁽⁵⁾	Singapore	Dormant	—*	—*	100	100
			13,049	13,049		

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12. Investments in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities (Place of business)	Proportion (%) of ownership interest	
			2015 %	2014 %
<i>Held by Excelpoint Systems (Pte) Ltd</i>				
Excelpoint Systems Sdn. Bhd. ⁽³⁾	Malaysia	Trading of electronic components (Malaysia)	100	100
Excelpoint Systems (India) Private Limited ⁽²⁾	India	Provision of marketing support services and technical support services (India)	100	100
<i>Held by Excelpoint Systems (H.K.) Limited</i>				
Excelpoint International Trading (Shanghai) Co., Ltd. ⁽²⁾	The People's Republic of China	Trading of electronic components (The People's Republic of China)	100	100
Excelpoint International Trading (Shenzhen) Co., Ltd. ⁽⁴⁾	The People's Republic of China	Trading of electronic components (The People's Republic of China)	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firm of EY Global in the respective countries.

(3) Audited by Yong & Leonard Chartered Accountants, Malaysia.

(4) Audited by Shenzhen Yida Certified Public Accountants Co., Ltd, The People's Republic of China.

(5) Not required to be audited by the laws of country of incorporation.

* The cost of investment is less than US\$1,000.

13. Investment securities

	Group and Company	
	2015	2014
	US\$'000	US\$'000
Available-for-sale financial assets:-		
- Equity instruments (quoted)	1,756	2,115

14. Trade debtors

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors	136,404	115,480	5	6
Less: Allowance for doubtful trade debts	(1,166)	(106)	—	—
	135,238	115,374	5	6

Trade debtors are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14. Trade debtors (cont'd)

Trade debtors denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Renminbi	15,973	4,768	–	–
Singapore Dollar	332	9	5	6
India Rupee	38	35	–	–
Hong Kong Dollar	14	26	–	–
Euro	13	14	–	–

Trade debtors that are past due but not impaired

The Group has trade debtors amounting to US\$35,577,000 (2014: US\$28,354,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:-

	Group	
	2015	2014
	US\$'000	US\$'000
Trade debtors past due:-		
Less than 30 days	24,766	21,725
31 to 60 days	5,594	4,332
61 to 90 days	3,478	657
More than 90 days	1,739	1,640
	35,577	28,354

Trade debtors that are impaired

The Group's trade debtors that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:-

	Group	
	2015	2014
	US\$'000	US\$'000
Trade debtors – nominal amounts	1,166	260
Less: Allowance for impairment	(1,166)	(106)
	–	154
Movement in allowance amount:-		
At 1 January	(106)	(52)
Charge for the financial year	(1,655)	(481)
Allowance written back	585	343
Bad debts written off	6	84
Exchange differences	4	–
At 31 December	(1,166)	(106)

Trade debtors that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15. Other debtors

	Group	
	2015 US\$'000	2014 US\$'000
Deposits	808	847
Staff loans	12	9
Financial instruments (Note 18)	—	24
Others	71	14
	891	894

Staff loans are unsecured, non-interest bearing and have scheduled repayment dates repayable within 1 to 2 years (2014: 1 to 2 years).

Other debtors denominated in foreign currencies at 31 December are as follows:-

	Group	
	2015 US\$'000	2014 US\$'000
Singapore Dollar	140	144
Hong Kong Dollar	240	254
Renminbi	372	284
Indian Rupee	42	41

16. Stocks

	Group	
	2015 US\$'000	2014 US\$'000
Balance sheet:-		
Trading stocks at lower of cost and net realisable value	111,613	93,058
Income statement:-		
Stocks recognised as an expense in cost of sales	(778,885)	(683,522)
Stocks written down	(5,021)	(4,630)
Reversal of stocks written down	4,560	3,533

The reversal of stocks written down/ stocks recovered was made when the related stocks were sold above their carrying amounts.

17. Amounts due from/ (to) subsidiaries

	Company	
	2015 US\$'000	2014 US\$'000
Amounts due from subsidiaries:-		
Loans	18,759	19,000
Non-trade	—	164
Amounts due to subsidiaries:-		
Non-trade	(78)	—
	18,681	19,164

Amounts due from subsidiaries are repayable on demand, unsecured and are to be settled in cash. Loans due from subsidiaries bear interest ranging from 1.23% to 1.88% (2014: 1.25% to 1.89%) per annum.

Amounts due to subsidiaries are repayable on demand, unsecured and are to be settled in cash.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

18. Financial instruments

In the previous financial year, the Group entered into a forward contract to sell or purchase currencies in respect of future expected income and expenditure.

The terms of the contract and the fair value adjustments (based on valuations provided by the bank counterparties) of the financial instrument are as follows:-

			Group Fair value adjustments			
			2015	2014		
Foreign exchange contract	Maturity dates	Total notional amount US\$'000	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Forwards to sell USD and buy RMB	5 January 2015 to 5 August 2015	8,000	—	—	24	—

The above foreign exchange contract contains various terms and conditions which include the expiration of contracts on occurrence of certain stipulated events or conditions agreed between the Group and the bank counterparties. The Group does not apply hedge accounting in respect to the above foreign exchange contract.

The contract expired on 5 August 2015 and was fully redeemed on expiration.

19. Cash and short-term deposits

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Cash at bank and on hand	9,261	5,881	881	488
Short-term deposits	1,463	5,966	—	—
	10,724	11,847	881	488

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate for the financial year for the Group was 1.29% (2014:1.08%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Singapore Dollar	647	4,468	83	90
Hong Kong Dollar	181	515	—	—
Renminbi	2,845	2,720	—	—

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20. Trade creditors and accruals

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Trade creditors	(89,247)	(71,928)	4	(6)
Accruals	(3,841)	(4,872)	(453)	(914)
	(93,088)	(76,800)	(449)	(920)

Trade creditors and accruals are non-interest bearing and are normally settled on 30 to 90 days' terms.

Trade creditors and accruals denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Euro	(368)	(76)	—	—
Renminbi	(2,621)	(1,358)	—	—
Indian Rupee	(287)	(250)	—	—
Singapore Dollar	(1,545)	(1,670)	(448)	(800)

21. Other creditors

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Deposits received	(3,917)	(6,282)	—	—
Sundries	(6,318)	(4,079)	(24)	(37)
	(10,235)	(10,361)	(24)	(37)

Other creditors are non-interest bearing and are normally settled on 30 to 90 days' terms.

Included in sundries are amounts of US\$3,670,000 (2014: US\$2,955,000) relating to advances from suppliers.

Other creditors denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Singapore Dollar	(340)	(383)	(24)	(37)
Renminbi	(1,381)	(4,253)	—	—
Hong Kong Dollar	(113)	(87)	—	—

22. Interest-bearing loans and borrowings

	Group	
	2015 US\$'000	2014 US\$'000
Current:-		
Bills payable, unsecured	(99,445)	(80,951)
	(99,445)	(80,951)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Interest-bearing loans and borrowings (cont'd)

Bills payable, unsecured

The Group's bills payables bear interest ranging from 1.17% to 2.35% (2014: 1.06% to 2.06%) above the banks' cost of funds or interbank offer rates per annum.

23. Deferred tax assets

	Group	
	2015	2014
	US\$'000	US\$'000
At 1 January	49	36
Recognised for the financial year (Note 8)	(16)	13
Exchange differences (Note 8)	(3)	–
At 31 December	30	49
Deferred tax assets recognised are as follows:-		
Differences in depreciation	(30)	(12)
Provision for employee leave entitlement	42	42
Others	18	19
Net deferred tax assets recognized	30	49

Unrecognised tax losses

As at 31 December 2015, the Group has unutilised tax losses amounting to US\$2,616,000 (2014: US\$3,035,000). Deferred tax benefit on unutilised tax losses of US\$510,000 (2014: US\$605,000) has not been recognised due to the unpredictability of future income.

24. Share capital

(a) *Share capital*

	Group and Company			
	2015		2014	
	No. of shares	US\$'000	No. of shares	US\$'000
	'000		'000	
Issued and fully paid ordinary shares:-				
At 1 January	510,022	32,294	507,578	32,294
Transfer Treasury shares to employees	–	–	2,444	–
Grant of EPSS share awards	598	46	–	–
Total shares before consolidation	510,620	32,340	510,022	32,294
Shares consolidation*	(408,496)	–	–	–
Grant of EPSS share awards	299	70	–	–
At 31 December	102,423	32,410	510,022	32,294

* On 11 August 2015, the Company completed the consolidation of every five existing issued shares in the capital of the Company into one ordinary share in the capital of the Company.

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

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

24. Share capital (cont'd)

(a) *Share capital (cont'd)*

On 11 August 2015, the Company completed the consolidation of every five existing issued shares in the capital of the Company into one ordinary share in the capital of the Company. As a result of the exercise, the total issued share capital of the Company comprises 102,124,040 consolidated shares.

Grant of Share Awards Pursuant to the Excelpoint Performance Share Scheme ("EPSS")

In May 2015, the Company issued and allotted 598,000 ordinary shares in the share capital of the Company at the Market Price of US\$0.073 under the Excelpoint Performance Share Scheme.

In November 2015, the Company issued and allotted 299,400 ordinary shares in the share capital of the Company at the Market Price of US\$0.236 under the Excelpoint Performance Share Scheme

(b) *Treasury shares*

	Group and Company			
	2015		2014	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
At 1 January	—	—	2,444	96
Transferred to employees during the current year	—	—	(2,444)	(96)
At 31 December	—	—	—	—

Treasury shares related to ordinary shares of the Company that were held by the Company.

The Company adopted the Excelpoint Performance Share Scheme in 2008. In 2014, the Company transferred 2,444,000 treasury shares to its employees at a weighted average price of US\$0.039 each. The price of the shares was equal to the market price of the shares at US\$0.090 on the date of grant, 19 November 2014. The shares were granted and fully vested on the same date.

25. Other reserves

(a) *Statutory reserve fund*

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), a subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. Other reserves (cont'd)

(b) *Foreign currency translation reserve*

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

(c) *Fair value reserve*

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(d) *Other capital reserve - Gain or loss on reissuance of treasury shares*

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

26. Related party transactions

(a) *Sale and purchase of goods and services*

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

	Group	
	2015	2014
	US\$'000	US\$'000
Rental expense paid to a director	124	124

(b) *Compensation of key management personnel*

	Group	
	2015	2014
	US\$'000	US\$'000
Short-term employee benefits	4,200	4,279
Contributions to CPF and other defined contribution pension schemes	58	54
Directors' fee	144	143
Share based payments	51	12
	4,453	4,488
Comprise amounts paid to:-		
Directors of the Company	2,931	2,959
Other key management personnel	1,522	1,529
	4,453	4,488

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27. Commitments and contingencies

(a) *Operating lease commitments – as lessee*

The Group leases certain properties under lease arrangements that are non-cancellable. The leases have an average tenure of between two months and three years with renewal options and escalation clauses included in the contracts. There are no restrictions placed upon the Group by entering into these leases. Operating lease payments recognised in profit or loss during the financial year ended 31 December 2015 amounted to US\$3,109,000 (2014: US\$2,961,000).

Future minimum rental payable under non-cancellable operating leases (excluding land use rights) as at 31 December are as follows:-

	Group	
	2015 US\$'000	2014 US\$'000
Not later than one year	2,432	2,932
Later than one year but not later than three years	1,982	4,027
Later than three years	6	254
	<u>4,420</u>	<u>7,213</u>

(b) *Guarantees*

As at 31 December 2015, the Company has provided corporate guarantees to banks and institutions in connection with credit facilities provided to its subsidiaries, of which US\$105,244,000 (2014: US\$85,606,000) of the credit facilities have been utilised as at year end.

28. 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 years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other debtors. For other financial assets (including investment securities and cash and short-term deposits), the Group and the Company manage credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. Financial risk management objectives and policies (cont'd)

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtor balances are monitored on an ongoing basis and appropriate measures to mitigate credit risk exposures are undertaken to ensure that the Group's exposure to bad debts is not significant.

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 an amount of US\$105,244,000 (2014: US\$85,606,000) relating to the corporate guarantees provided by the Company to various banks on its subsidiaries' bank loans.

Credit risk concentration profile

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

	Group		Group	
	2015		2014	
	US\$'000	% of total	US\$'000	% of total
Hong Kong/ The People's Republic of China	107,601	79.6	88,713	76.9
Singapore	10,286	7.6	13,931	12.1
India	6,765	5.0	3,198	2.8
Malaysia	4,147	3.1	5,380	4.7
Thailand	817	0.6	1,169	1.0
Philippines	391	0.3	612	0.5
Indonesia	2,220	1.6	790	0.7
Australia	564	0.4	—	—
United States	1,696	1.3	—	—
Others	751	0.5	1,581	1.3
	135,238	100.0%	115,374	100.0%

At the end of the reporting period, approximately 12% (2014: 14%) of the Group's trade receivables were due from 2 major customers located in Singapore and Hong Kong/ The People's Republic of China (2014: Singapore and Hong Kong/ The People's Republic of China).

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Investment securities, and cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors its liquidity risk and maintains adequate liquid financial assets and stand-by credit facilities with different banks to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by the remaining contractual maturities

The maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations are less than one year.

The maturity profile of the Group's contingent liabilities and commitments are less than one year.

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2014: less than 6 months) from the end of the reporting period.

The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. Surplus funds are placed with reputable banks.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if USD interest rates had been 100 (2014: 100) basis points lower/higher with all other variables held constant, the Group's profit after taxation would have been US\$110,000 (2014: US\$70,000) higher/ lower, arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

(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 USD. The foreign currencies in which these transactions are denominated are mainly in Singapore Dollars ("SGD"), Hong Kong Dollars ("HKD"), Renminbi ("RMB"), and Euro.

The Group utilizes foreign currency forward contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes. The forward currency contracts must be in the same currency as the hedged item. The Group does not apply hedge accounting.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. 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 of the Group's profit before taxation to a reasonably possible change in the SGD, HKD, RMB, and Euro exchange rates (against USD), with all other variables held constant:-

	Group	
	2015	2014
	US\$'000	US\$'000
SGD - strengthened 5% (2014: 5%)	(38)	128
SGD - weakened 5% (2014: 5%)	38	(128)
HKD - strengthened 5% (2014: 5%)	11	31
HKD - weakened 5% (2014: 5%)	(11)	(31)
RMB - strengthened 5% (2014: 5%)	759	108
RMB - weakened 5% (2014: 5%)	(759)	(108)
Euro - strengthened 5% (2014: 5%)	(17)	(2)
Euro - weakened 5% (2014: 5%)	17	2

29. Loans and receivables

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Trade debtors (Note 14)	135,238	115,374	5	6
Other debtors (Note 15)	891	894	—	—
Amounts due from subsidiaries (Note 17)	—	—	18,759	19,164
Cash and short-term deposits (Note 19)	10,724	11,847	881	488
Total loans and receivables	146,853	128,115	19,645	19,658

30. Financial liabilities

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Trade creditors and accruals (Note 20)	(93,088)	(76,800)	(449)	(920)
Other creditors (Note 21)	(6,318)	(4,079)	(24)	(37)
Interest-bearing loans and borrowings (Note 22)	(99,445)	(80,951)	—	—
Total financial liabilities carried at amortised cost	(198,851)	(161,830)	(473)	(957)

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Fair value of assets and liabilities

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:-

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

(a) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:-

	Group 2015 US\$'000	
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)
		Total
Financial assets		
<u>Available for sale financial assets</u>		
Quoted instrument securities (Note 13)	1,756	–
Financial assets as at 31 December 2015	1,756	–

	Group 2014 US\$'000	
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)
		Total
Financial assets		
<u>Available for sale financial assets</u>		
Quoted instrument securities (Note 13)	2,115	–
<u>Financial instruments</u>		
Forward currency contracts (Note 18)	–	24
Financial assets as at 31 December 2014	2,115	24

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

31. Fair value of assets and liabilities (cont'd)

(a) **Assets and liabilities measured at fair value (cont'd)**

Determination of fair value

Quoted investment securities (Note 13): Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

Financial instruments (Note 18): Forward currency contract is valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(b) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

Cash and short-term deposits, current trade and other debtors, current trade and accruals, other creditors, and current interest-bearing loans and borrowings at floating rates.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

32. Capital management

Capital includes debt and equity items as discussed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 2014.

As disclosed in Note 25(a), subsidiaries in PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt over total capital plus net debt. The Group's policy is to maintain a healthy gearing ratio. The Group includes within net debt, interest-bearing loans and borrowings, less cash and short-term deposits. Capital includes equity attributable to the equity holders of the Company less statutory reserve fund.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

32. Capital management (cont'd)

	Group	
	2015 US\$'000	2014 US\$'000
Interest-bearing loans and borrowings (Note 22)	99,445	80,951
Less: Cash and short-term deposits (Note 19)	(10,724)	(11,847)
Net debt	88,721	69,104
Equity attributable to equity holders of the Company	57,183	56,227
Less: Statutory reserve fund (Note 25(a))	(25)	(25)
Total capital	57,158	56,202
Capital and net debt	145,879	125,306
Gearing ratio	61%	55%

33. Segment information

For management purposes, the Group is organised into business units based on geographical area, and has three reportable operating segments as follows:-

(i) **Hong Kong Business Unit**

The Hong Kong Business Unit segment provides design-in and distribution services. This segment covers the business entities located in Hong Kong and The People's Republic of China.

(ii) **Singapore Business Unit**

The Singapore Business Unit segment provides design-in and distribution services. This segment covers the business entities located in Southeast Asia and India.

(iii) **Corporate Unit**

The Corporate Unit segment comprises the corporate services, treasury functions, investment securities, and other dormant companies.

Design-in services relate to product sales that include field application services and design and development services which require a higher level of technical expertise and involve research and development.

Distribution services include value-added distribution and supply chain management which primarily involve the provision of electronic components and related logistics to customers.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Segment information (cont'd)

The following table presents segment information regarding the Group's geographical segments for the years ended 31 December 2015 and 2014.

	Hong Kong Business Unit		Singapore Business Unit		Corporate Unit		Adjustment and eliminations		Per consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue										
External customers	492,345	413,544	335,938	315,424	—	—	—	—	828,283	728,968
Inter-segment	1,291	906	37,341	19,807	—	—	(38,632)	(20,713)	—	—
Total revenue	493,636	414,450	373,279	335,231	—	—	(38,632)	(20,713)	828,283	728,968
Results										
Interest income	25	18	8	4	1	2	—	—	34	24
Gain/ (loss) on disposal of property, plant and equipment	(2)	2	—	3,613	—	—	—	—	(2)	3,615
Depreciation of property, plant and equipment	(429)	(403)	(383)	(601)	—	—	—	—	(812)	(1,004)
Other non-cash expenses:-										
- Reversal of stocks written down	2,281	984	2,279	2,549	—	—	—	—	4,560	3,533
- Stocks written down	(2,293)	(2,667)	(2,728)	(1,963)	—	—	—	—	(5,021)	(4,630)
- Allowance for doubtful trade debts written back	122	28	463	315	—	—	—	—	585	343
- Allowance for doubtful trade debts	(1,163)	(97)	(492)	(384)	—	—	—	—	(1,655)	(481)
Segment profit	4,124	1,813	1,146	5,527	214	238	15	(121)	5,499	7,457
Assets										
Additions to non- current assets	194	329	174	172	—	—	—	—	368	501
Segment assets	171,577	139,475	88,523	84,226	2,643	2,612	—	—	262,743	226,313
Segment liabilities	114,043	103,315	91,030	65,802	487	969	—	—	205,560	170,086

The nature of the adjustments and eliminations to arrive at amounts reported in the consolidated financial statements relates to inter-segment revenues that are eliminated on consolidation.

NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

33. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	Revenue		Non-current assets	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Hong Kong/ The People's Republic of China	624,660	527,112	1,152	1,390
Southeast Asia	157,447	167,807	984	1,191
India	26,318	16,492	60	67
Others	19,858	17,557	–	–
	828,283	728,968	2,196	2,648

Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

Information about a major customer

There is no major customer for the years ended 31 December 2015 and 2014, contributing more than 10% of the total Group revenue.

34. Dividends

	Group and Company	
	2015	2014
	US\$'000	US\$'000
Declared and paid during the financial year:-		
<i>Dividends on ordinary shares:-</i>		
- Final exempt (one-tier) dividend for 2014: 0.378 cents (2013: 0.395 cents) per share	1,926	2,021
- Final exempt (one-tier) special dividend for 2014: 0.227 cents (2013: 0.237 cents) per share	1,155	1,212
	3,081	3,233
Proposed but not recognised as a liability as at 31 December:-		
<i>Dividends on ordinary shares subject to shareholders' approval at the AGM:-</i>		
- Final exempt (one-tier) dividend for 2015: 1.768 cents (2014: 0.379 cents) per share	1,811	1,930
- Final exempt (one-tier) special dividend for 2015: Nil (2014: 0.227 cents) per share	–	1,158
	1,811	3,088

35. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 26 February 2016.

STATISTICS OF SHAREHOLDINGS

As at 3 March 2016

Number of Issued Shares:	102,483,440
Class of Shares:	Ordinary
Voting Rights:	One vote per share

There is no treasury share held by the Company.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	4	0.18	171	0.00
100 – 1,000	570	26.34	271,920	0.27
1,001 – 10,000	1,149	53.10	5,061,660	4.94
10,001 – 1,000,000	432	19.96	23,964,693	23.38
1,000,001 and above	9	0.42	73,184,996	71.41
	2,164	100.00	102,483,440	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest	%	Deemed Interest	%
Albert Phuay Yong Hen	47,915,204 ⁽¹⁾	46.75	2,598,168 ⁽²⁾	2.54
Alan Kwan Wai Loen	6,258,244	6.11	-	-

Notes:-

(1) Includes 400,000 shares held by Maybank Kim Eng Securities Pte. Ltd.

(2) Deemed to be interested as follows:-

- (i) 166,000 shares held by AP21 Holdings Pte. Ltd.; and
- (ii) 2,432,168 shares held by his spouse.

STATISTICS OF SHAREHOLDINGS

As at 3 March 2016

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	PHUAY YONG HEN	47,515,204	46.36
2.	KWAN WAI LOEN	6,258,244	6.11
3.	CHNG SENG CHYE @ CHNG HUNG SENG	5,099,620	4.98
4.	ANSWER TECHNOLOGY CO LTD	4,800,000	4.68
5.	OCBC SECURITIES PRIVATE LIMITED	2,503,360	2.44
6.	HAN JIAK SIEW	2,432,168	2.37
7.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,086,800	2.04
8.	UOB KAY HIAN PRIVATE LIMITED	1,388,400	1.35
9.	BRUCE DOUGLAS MOULIN	1,101,200	1.07
10.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	970,320	0.95
11.	BANK OF SINGAPORE NOMINEES PTE. LTD.	666,000	0.65
12.	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	583,600	0.57
13.	MAYBANK KIM ENG SECURITIES PTE. LTD.	568,000	0.55
14.	KOK FAT KEUNG	515,924	0.50
15.	TEO YOU XIAO	474,000	0.46
16.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	431,020	0.42
17.	NG BAN HOCK	425,000	0.41
18.	LEE JUI-SI	390,000	0.38
19.	LIM TECK HENG @ SOH TECK HENG STUART	386,000	0.38
20.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	361,200	0.35
		78,956,060	77.02

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information provided, to the best of the Directors and substantial shareholders of the Company, 43.15% of the Company's shares are held in the hands of public as at 3 March 2016. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of Excelpoint Technology Ltd. ("the Company") will be held at Grand Mercure Roxy Singapore, 50 East Coast Road, Roxy Square, Meyer & Frankel Room, Level 3, Singapore 428769 on Wednesday, 6 April 2016 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final ordinary tax exempt one-tier dividend of 2.5 Singapore cents per ordinary share for the year ended 31 December 2015 (FY2014: first and final ordinary tax exempt one-tier dividend of 0.50 Singapore cent per ordinary share). **(Resolution 2)**
3. To re-elect the following Directors of the Company retiring pursuant to Article 104 of the Constitution of the Company:-

Albert Phuay Yong Hen **(Resolution 3)**
Kwah Thiam Hock **(Resolution 4)**

Mr Albert Phuay Yong Hen will, upon re-election as a Director of the Company, remain as Chairman and Group CEO, a member of the Nominating Committee and will be considered non-independent.

Mr Kwah Thiam Hock will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and will be considered independent.
4. To approve the payment of Directors' Fees to the Independent Directors for the financial year from 1 January 2016 to 31 December 2016 comprising:-
 - (a) The payment of S\$198,000 in cash (FY2015: Cash payment of S\$198,000); and
 - (b) The award of an aggregate number of 60,000 ordinary shares in the capital of the Company to the Independent Directors under the Excelpoint Performance Share Scheme as part of their respective remuneration for the financial year from 1 January 2016 to 31 December 2016 as follows (FY2015: aggregate number of 300,000 ordinary shares in the share capital of the Company pursuant to Excelpoint Performance Share Scheme before share consolidation):-
 - (i) 20,000 ordinary shares to Kwah Thiam Hock;
 - (ii) 20,000 ordinary shares to Sunny Wong Fook Choy; and
 - (iii) 20,000 ordinary shares to Professor Low Teck Seng.

[See Explanatory Note (i)] **(Resolution 5)**
5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. Authority to issue shares in the share capital of the Company

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

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

- (i) Issue shares in capital of the Company (whether by way of rights, bonuses 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 or exchangeable into shares; and/ or
- (iii) (Notwithstanding the authority conferred by this Ordinary 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 Ordinary Resolution was in force,

provided that:-

- (a) The aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of the Instruments made or granted pursuant to the Ordinary Resolution and including shares which may be issued pursuant to any adjustment effected under any relevant Instruments) shall not exceed fifty per centum (50%) (or such other limit or limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) of the total number of issued shares (excluding treasury shares) in the capital of the Company of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per centum (20%) (or such other limit or limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) of the total number of issued shares (excluding treasury shares) in the capital of the Company;
- (b) For the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:-
 - (i) New shares arising from the conversion or exercise of convertible securities or employee share options on issue as at the date of the passing of the Ordinary Resolution; and
 - (ii) Any subsequent consolidation or sub-division of shares.
- (c) In exercising the power to make or grant Instruments (including the making of any adjustment under any relevant Instrument), the Company shall comply with the listing rules and regulations of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and
- (d) Unless revoked or varied by the Company in General Meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company following passing of the Ordinary Resolution, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)] **(Resolution 7)**

8. **Authority to offer and grant options and to allot and issue shares under the Excelpoint Share Option Scheme 2014**

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant options in accordance with the provisions of the Excelpoint Share Option Scheme 2014 (the “ESOS”) and (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the exercise of options under the ESOS provided always that the aggregate number of shares (comprising new shares and/ or treasury shares) to be delivered pursuant to the ESOS, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total issued share capital of the Company (excluding treasury shares) from time to time, and provided also that, subject to such adjustments as may be made to the ESOS as a result of any variation in the capital structure of the Company, and that such authority shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (iii)] **(Resolution 8)**

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

9. **Authority to offer and grant awards and to allot and issue shares under the Excelpoint Performance Share Scheme**

That pursuant to Section 161 of the Singapore Companies Act, Chapter 50, the Directors of the Company be authorised to offer and grant awards in accordance with the provisions of the prevailing Excelpoint Performance Share Scheme (the “EPSS”) and (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) to allot and issue and/ or deliver such number of fully-paid shares in the form of existing shares held as treasury shares and/ or new shares as may be required to be delivered pursuant to the vesting of the awards under the EPSS, provided always that the aggregate number of shares (comprising new shares and/ or treasury shares) to be delivered pursuant to the EPSS, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares in the capital of the Company (excluding treasury shares) from time to time, and that such authority shall, unless revoked or varied by the Company in a General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 9)**

10. **Renewal of Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price (as defined in Section 2.3.4 of the Appendix to the Notice of the Annual General Meeting to Shareholders of the Company (the “Appendix”)) in accordance with the Terms of the Share Buyback Mandate set out in Section 2.3 of the Appendix (the “Share Buyback Mandate”) and this Share Buyback Mandate shall, unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Tan Cher Liang
Wong Yoen Har
Company Secretaries
Singapore, 22 March 2016

Explanatory Notes:-

- (i) Subject to the approval of Ordinary Resolution 5 in item 4 above, share awards will be granted to the Independent Directors as part of their Directors’ Fees which will consist of the grant of fully-paid shares under the Excelpoint Performance Share Scheme with no performance and vesting conditions attached. The Company will announce details of the share awards in accordance with Rule 704(29) of the Listing Manual of the SGX-ST. The relevant directors and their respective associates will abstain from exercising any voting rights on Ordinary Resolution 5 in item 4 above.
- (ii) The Ordinary Resolution 7 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 the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

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

- (iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a General Meeting, whichever is the earlier, to offer and grant options and to allot and issue shares pursuant to the ESOS, the details of the ESOS and a summary of the rules of which are set out in the Company's circular to shareholders dated 2 April 2014, provided always that the aggregate number of shares (comprising new shares and/ or treasury shares) to be delivered pursuant to the ESOS, when added to the number of new shares issued and issuable and the number of treasury shares delivered pursuant to all other share schemes of the Company (if any), shall not exceed fifteen per centum (15%) of the total issued share capital of the Company (excluding treasury shares) from time to time.
- (iv) The Ordinary Resolution 10 in item 10 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, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price (as defined in Section 2.3.4 of the Appendix). The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 are set out in greater detail in Section 2 of the Appendix.

Notes:-

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/ her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 15 Changi Business Park Central 1, #06-00, Singapore 486057 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

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

EXCELPOINT TECHNOLOGY LTD

(Company Registration No. 200103280C)
(Incorporated in the Republic of Singapore with limited liability)

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____
of _____

being a member/members of Excelpoint Technology Ltd. (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting (the "Meeting") of the Company to be held at Grand Mercure Roxy Singapore, 50 East Coast Road, Roxy Square, Meyer & Frankel Room, Level 3, Singapore 428769 on Wednesday, 6 April 2016 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
	Ordinary Business		
1	Directors' Statement and the Audited Financial Statements for the year ended 31 December 2015		
2	Payment of proposed first & final ordinary tax exempt one-tier dividend		
3	Re-election of Albert Phuay Yong Hen as a Director		
4	Re-election of Kwah Thiam Hock as a Director		
5	Approval of Directors' Fees to the Independent Directors for the financial year from 1 January 2016 to 31 December 2016 comprising payment of S\$198,000 in cash and the award of 60,000 ordinary shares under the Excelpoint Performance Share Scheme		
6	Re-appointment of Messrs Ernst & Young LLP as Auditors		
	Special Business		
7	Authority to issue shares in the share capital of the Company		
8	Authority to offer and grant options and to allot and issue shares under the Excelpoint Share Option Scheme 2014		
9	Authority to offer and grant awards and to allot and issue shares under the Excelpoint Performance Share Scheme		
10	Renewal of Share Buyback Mandate		

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

Dated this _____ day of _____ 2016

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

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

Notes:-

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:-

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 15 Changi Business Park Central 1, #06-00, Singapore 486057 not less than 48 hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

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 22 March 2016.

General:-

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



15 Changi Business Park Central 1
#06-00

Singapore 486057

T +65 6741 8966 **F** +65 6741 8980

www.excelpoint.com

Company Registration No. 200103280C