

**SERIAL SYSTEM LTD
ANNUAL REPORT 2016**

**REACHING
NEW HEIGHTS**



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OUR VISION

To be the leading electronic components distribution partner, known for our dynamic demand creation activities, extensive network and strong local expertise.

OUR MISSION

To provide a wealth of growth opportunities for our stakeholders.

Towards our partners

We provide market insights to our business partners to enable faster time-to-market. To our suppliers, we help expand their market reach. To our customers, we provide innovative and competitive solutions.

Towards our staff

By empowering our staff with the right resources and looking after their well-being, we help them to be their best at work, grooming them to be our leaders of tomorrow.

Towards our shareholders

We strive to make steady progress in every aspect of our business, providing our shareholders with consistent and favourable dividend yields.

Towards our community

By staying in touch with the community, we are able to contribute in ways that are close to their needs.

OUR VALUES

Progressiveness

Derived from the drive to achieve our targets and the courage to change for the better.

Empowerment

Encouraged by giving our staff the power to make decisions.

Teamwork

Striving towards a common goal in one spirit – despite our cultural or individual differences.

Efficiency

Arose from working smart, doing our work well, and using our resources effectively to serve our customers and suppliers well.

Corporate Profile

Established in Year 1988 and listed on the Main Board of the Singapore Exchange since July 2000, Serial System owns and operates a synergistic global distribution network built on strong partnerships with suppliers and customers. In Year 2013, which marked its 25th year in business, Serial System crossed the S\$1 billion revenue mark, making it the largest electronic components distributor listed in Singapore.

Serial System has a customer base of more than 7,000, spanning a diverse range of industries such as consumer electronics, telecommunication, household appliances, industrial, electronics manufacturing services, automotive and medical. Its major suppliers include Texas Instruments, Broadcom Limited, ON Semiconductor, Fairchild Semiconductor, SK Hynix, OSRAM Opto Semiconductors, TE Connectivity and Fingerprints.

With more than 1,000 employees in fifty three offices and thirteen warehousing facilities in key Asian markets – Singapore, Cambodia, China, Hong Kong, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand and Vietnam – Serial System has one of the largest and most extensive distribution network in the region.

Being in close proximity to its customers and suppliers gives Serial System the ability to align itself to their goals, better

understand their needs in order to reduce time-to-market and response time, and improve inventory management. In meeting their engineering and supply chain needs, Serial System has become their integral component for success.

Serial System also enhances demand for its suppliers' components and contributes to its customers' product development by adding value to their products through design and other initiatives.

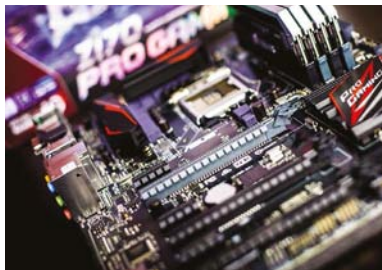
In Year 2014, Serial System entered a new chapter of growth by diversifying into the distribution of consumer products. Its current portfolio of consumer products consists of household appliances and lifestyle goods, including camera accessories, printer accessories, timepieces, motherboards and hard-disk drives.

Major suppliers of consumer products distributed by Serial System include Hewlett-Packard, Intel, Asus, Apple, Canon, Samsung, Advanced Micro Devices and Fossil.

Serial System will continue to help its partners to be more competitive in the marketplace, today and in the future.



Corporate Highlights



January 2016

Acquired remaining 51% of Achieva Technology Pte Ltd. Achieva Technology markets and distributes IT products, computer peripherals and software.



Acquired 100% of Hydra & Thermal International (Cambodia) Co., Ltd, a Cambodia-based distributor of consumer electronic products and household appliances. Acquisition was completed in July 2016.

March 2016

Raised stake in SPL Holdings (Australia) Pty Ltd, a laundry company serving the hospitality industry, to 27.34% from 20.00%.

Completed acquisition of two commercial office units in Beijing for RMB29.6 million for use as the Group's North China headquarter.



September 2016

Partnered with South Korea's listed Unitrontech Co., Ltd. to market and distribute Micron memory products to China's automotive market. Newly incorporated company, Unitrontech China Co. Ltd is 45% owned by Serial Microelectronics (HK) Limited and 55% by Unitrontech Co. Ltd.

October 2016

Raised stake in Serial Microelectronics Korea Limited to 100% from 98.2%.



December 2016

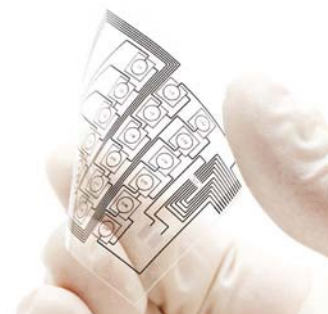
Emerged from SGX-ST Watch-List.

Partnered with Beston International (Hong Kong) Ltd to market and distribute ON Semiconductor products. Newly incorporated company, Newstone Technology Limited is 51% owned by Serial Microelectronics (HK) Limited and 49% by Beston International (Hong Kong) Ltd.



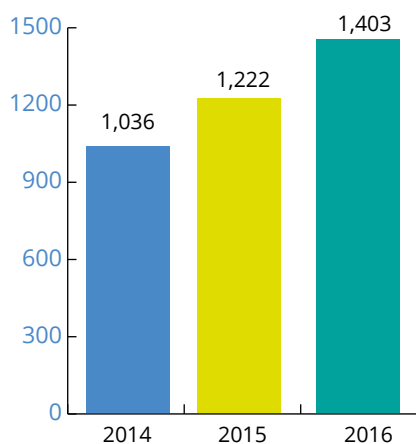
February 2017

Increased investment in 21% owned associated company, Tong Chiang Group Pte. Ltd.

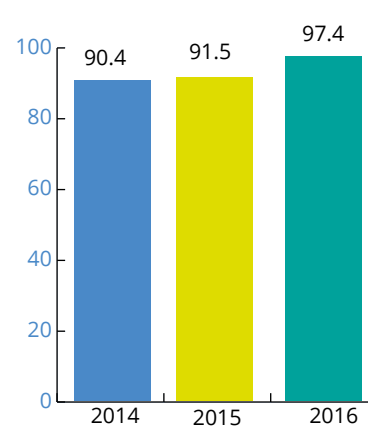


Financial Highlights

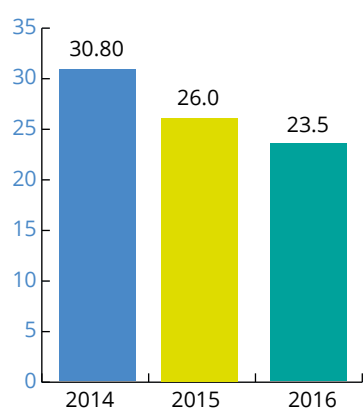
Revenue
(US\$' million)



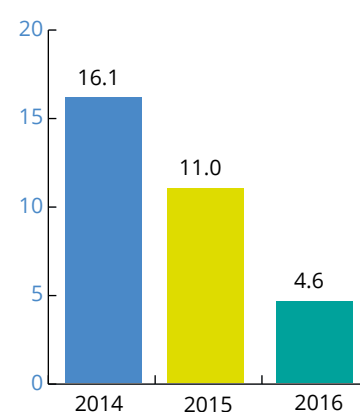
Gross Profit
(US\$' million)



EBITDA
(US\$' million)

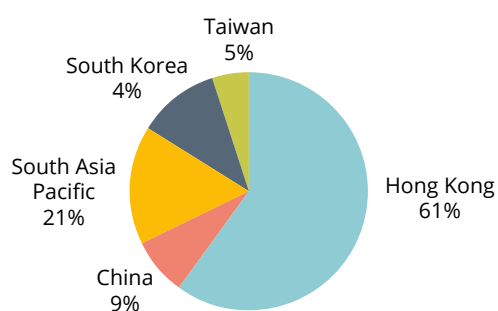


Profit Attributable to Equity Holders
(US\$' million)

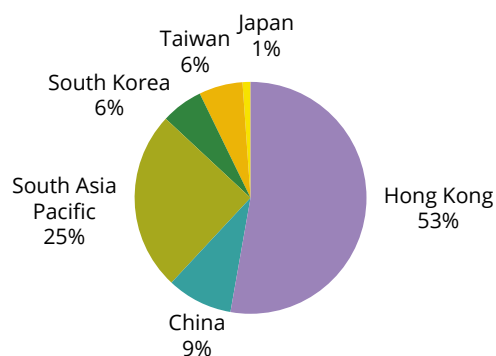


Revenue by Market

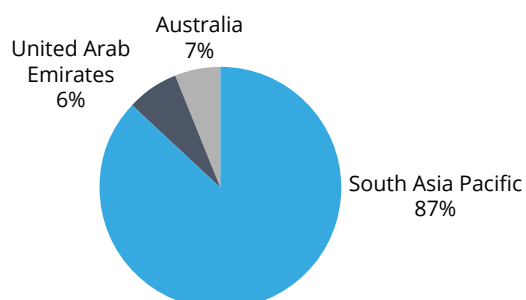
2016 Electronic Components Distribution



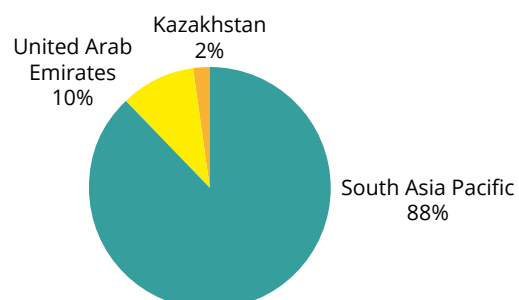
2015 Electronic Components Distribution



2016 Consumer Products Distribution



2015 Consumer Products Distribution



	2016 US\$'000	2015 US\$'000	2014 US\$'000
Capital Employed			
Working Capital	58,590	58,444	52,192
Total Assets	512,602	465,121	425,204
Net Assets	124,787	119,384	122,234
Net Assets per Share (United States cents)	13.93	13.33	13.64
Net Debts	139,272	137,974	120,150
Share Capital			
Issued and Fully Paid (including Treasury Shares)	72,648	72,648	72,648
Number of Shares Issued (thousands)	905,788	905,788	905,788
Number of Treasury Shares (thousands)	(9,946)	(9,946)	(9,946)
Number of Shares Issued excluding Treasury Shares (thousands)	895,842	895,842	895,842
Earnings and Dividend per Share			
Earnings per Share (United States cents) ⁽¹⁾	0.51	1.23	1.80
Dividend per Share (Singapore cent)	0.35	0.85	1.05
Dividend Yield (%) ⁽²⁾	2.4	6.3	8.0
Ratios			
Current Ratio	1.16	1.18	1.18
AR Turnover (days)	49	53	67
AP Turnover (days)	33	33	33
Inventory Turnover (days)	40	38	32
Cash Conversion Cycle (days)	56	58	66
Net Gearing Ratio	1.12	1.16	0.98

⁽¹⁾ Earnings per share is calculated based on profit after tax on weighted average of 895,841,914 shares in issue for financial year ended 31 December 2016, 31 December 2015 and 31 December 2014 respectively.

⁽²⁾ Dividend yield is calculated based on dividend per share over Serial System Ltd's share price as at the end of each respective financial year.

Chairman's Statement



Dato' Seri Dr. Derek Goh Bak Heng ^{BBM}
Executive Chairman & Group CEO

"In the strongest sign yet that Serial System remains a key business partner of leading chip suppliers and electronics manufacturers, revenue for FY2016 reached an all-time high of US\$1.40 billion."

Dear Shareholders,

Serial System's financial year ended 31 December 2016 ("FY2016") was somewhat of a roller-coaster ride, but one that ended on a positive note. While the road was bumpy, we managed to work through the challenges and emerged more resilient.

The first half of FY2016 proved challenging. The Group incurred a net loss of US\$6.6 million in the first quarter ("1Q2016") due to lower gross profit margins, losses at associated company Bull Will Co., Ltd, allowances for obsolete inventories, and unfavourable foreign-exchange rates.

Before the end of 1Q2016, we were informed by the Singapore Exchange that Serial System would be placed on the SGX-ST Watch-List with effect from 3 March 2016 for failing to meet the minimum trading price of S\$0.20 required for companies on the Mainboard.

While we were profitable in 2Q2016, the net profit of US\$3.3 million was lower than the US\$4.8 million profit generated in the same period the previous year.

This was due to lower gross profit margins and higher expenses, including allowances for obsolete inventories and impairment charges for trade receivables and goodwill.

Turnaround

Undeterred by the challenges in the first half of FY2016, we doubled down on efforts to improve our performance for the rest of the year. This was reflected in the third quarter, during which we turned in a net profit of US\$3.8 million, up 74% from a year earlier.

We did even better in the fourth quarter, chalking up a net profit of US\$4.0 million, which was four times more than the US\$1.0 million net profit made a year earlier. The improved results for the second half were not enough to offset the performance for the first half though; overall net profit for FY2016 declined to US\$4.6 million from US\$11.0 million for the previous year.

In the strongest sign yet that Serial System remains a key business partner of leading chip suppliers and electronics manufacturers, revenue for FY2016 reached an all-time high of US\$1.40 billion, up from US\$1.22 billion for the previous year. Just before the year was over, we got out of the SGX-ST Watch-List.

Corporate Developments

In FY2016, we completed two acquisitions as part of efforts to expand our consumer products distribution business.

One was for the remaining 51% of Achieva Technology Pte Ltd. Achieva Technology distributes computer peripherals and other IT products in Singapore, Malaysia, Indonesia and Australia. The increased contributions from Achieva Technology lifted our overall consumer products distribution revenue for FY2016 to US\$173.3 million from US\$154.8 million for the previous year.

The second acquisition was for 100% of Hydra&ThermalInternational(Cambodia) Co., Ltd, a company in Cambodia that distributes consumer electronic products and household appliances.

For our electronic components distribution business, we partnered with South Korea-listed Unitrontech Co., Ltd. in Hong Kong in FY2016 to market and distribute Micron memory products to China's automotive industry, which we believe has immense growth potential. We have a 45% stake in the newly incorporated company, Unitrontech China Co. Ltd.

We further expanded our presence in Hong Kong by forming a partnership to distribute ON Semiconductor products. We have a 51% stake in the newly incorporated entity, Newstone Technology Limited. We also increased our stake in laundry company SPL Holdings (Australia) Pty Ltd to 27.34% from 20.00% in March 2016. In February 2017, we increased our investment in 21% owned food manufacturer and caterer Tong Chiang Group. We believe these associated companies can bring value to the Group and to our shareholders over the long term.

Outlook

We take heart in market research firm Gartner's positive outlook for the global semiconductor industry in Year 2017. In



a report issued in January 2017, Gartner estimated worldwide semiconductor revenue of US\$364.1 billion for this year, an increase of 7.2% over actual sales in Year 2016.

In seeking to further develop our electronic components distribution business, we will continue to explore opportunities to expand into higher-value segments, such as enterprise cloud solutions, security and surveillance, automotive, and mobile devices.

Despite the more favourable outlook for the semiconductor industry in Year 2017, we are mindful of the persistent challenges in the operating environment and overall global economies and will endeavour to navigate them as best as we can while we continue to grow our business and deliver value to shareholders. These challenges include stiff competition, foreign-exchange volatility, and risks relating to credit and cash flow.



Dividends

In recognition of your continued support, the Board of Directors has proposed a final cash dividend of 0.17 Singapore cent a share. This brings our total FY2016 payout to 0.35 Singapore cent a share.

Appreciation

I would like to express my gratitude and appreciation to Mr Robson Lee, who stepped down as an Independent Director on 31 December 2016 after having served the Board for more than 10 years. Serial System and I have benefited immensely from his counsel over the years.

I would also like to welcome Mr Ng Cher Yan who joined the Company as an Independent Director on 28 March 2017. With his extensive experience in finance and accounting as well as Board members of several Singapore listed companies, I am confident he will be able to bring value to the Board of Serial System Ltd and the long term growth of the Group.

I would also like to thank all our customers, business partners, shareholders and employees for staying the course with us. I am grateful for your support and look forward to another exciting year together.

Dato' Seri Dr. Derek Goh Bak Heng ^{BBM}
Executive Chairman & Group CEO
March 2017



Operations and Financial Review



Keen competition and uncertainties in the global economy were key challenges in the semiconductor industry all through Year 2016.

Overall, we fared much better in the second half of the year than in the first half.

Financial Performance

Serial System generated revenue of US\$1.4 billion in FY2016. This is a new record and a 15% improvement over the previous year's ("FY2015") revenue of US\$1.2 billion, which at the time was the highest in the history of the Group.

Turnover from electronic components distribution increased 15% to US\$1.23 billion in FY2016, driven mainly by contributions from the Group's operations in Hong Kong and China, where revenue rose 32% and 11% respectively on higher demand from new and existing customers.

The consumer products distribution business generated revenue of US\$173.3 million, compared to US\$154.8 million in FY2015. The increase was mainly due to contributions from Achieva Technology, which became a wholly owned subsidiary on 27 January 2016.

Profit Margins

Gross profit margin declined to 6.9% in FY2016 from 7.5% in FY2015, due mainly to increased sales of lower-margin electronic components in Hong Kong. The Group's lower-margin consumer products distribution business was also responsible for the drop in overall gross profit margin.

Net profit margin slipped to 0.3% in FY2016 from 0.9% in FY2015.

Other Operating Income

Other operating income increased by US\$5.4 million or 65%, mainly due to

a US\$3.9 million gain on the sale of available-for-sale financial assets. Higher office rental income, finance income, commission income and rebate income from suppliers also pushed up other operating income. The increase was partially offset by lower advertising and promotion income, and the absence of a one-off gain recorded in the previous year from the disposal of a business.

Expenses

Distribution expenses increased by US\$4.6 million or 10%, mainly due to higher staff costs, freight and handling charges, custom and business taxes, and storage costs associated with the electronic components distribution business. Staff costs for Achieva Technology group, PT. Achieva Technology Indonesia and Serial Factoring (Thailand) Co., Ltd also added to overall distribution expenses in FY2016.

Finance expenses increased by US\$1.6 million or 23%, mainly due to higher utilisation of trade facilities by the Group's Hong Kong and Singapore electronic components distribution subsidiaries and by consumer products distribution subsidiaries in Singapore and Malaysia to fund working capital requirements.

Other operating expenses rose by US\$5.5 million or 30%, mainly due to currency translation losses, staff costs, allowances for obsolete inventories, depreciation, impairment losses on goodwill arising from the acquisition of subsidiaries, allowances for impairment losses on trade and non-trade receivables, and fair value losses on financial assets, at fair value through profit or loss. The increase in other operating expenses was mitigated by lower amortization of distribution rights in FY2016.

Total expenses as a percentage of turnover was unchanged at 6.8%.

Associated Companies

The Group's share of losses in associated companies in FY2016 amounted to US\$3.9 million, mainly due to losses incurred by 29.03% owned Bull Will Co., Ltd ("Bull Will"), which designs and manufactures magnetic components used in various electronic products, such as LCD monitors, smartphones and air-conditioners.

During the year, the Group increased its stake in laundry company SPL Holdings (Australia) Pty Ltd to 27.34% from 20.00%.

Net Profit

Despite the improvement in overall revenue, the Group achieved a lower net profit of US\$4.6 million for FY2016, compared to US\$11.0 million for FY2015. The weaker performance was largely due to losses at the consumer products distribution business and at Taiwan-based Bull Will.

Fully diluted earnings per share came to 0.51 US cent, compared to 1.23 US cents for the previous year.

Expanding Asian Footprint

The Group bought the remaining 51% of Achieva Technology in early 2016 to expand its consumer products distribution business. Through its 70% owned Hydra & Thermal Co., Ltd, the Group acquired 100% Hydra & Thermal International (Cambodia) Pte. Ltd., a Cambodia-based distributor of consumer electronic products and household appliances.

In the year under review, the Group formed two partnerships in Hong Kong. One was with South Korea-listed Unitrontech Co., Ltd. to market and distribute Micron memory products to the automotive industry in China. The Group

owns 45% of the newly incorporated company, Unitrontech China Co. Ltd. The other company, Newstone Technology Limited, was for the distribution of ON Semiconductor products. The Group's stake in Newstone Technology Limited is 51%.

Assets

As at 31 December 2016, the Group had cash and cash equivalents of US\$65.2 million, compared to US\$64.0 million at the end of 2015.

Trade and other receivables rose by US\$28.4 million mainly due to higher trade receivables at the electronic components distribution subsidiaries in Hong Kong and China. Achieva Technology group and Serial Factoring (Thailand) Co., Ltd also accounted for the increase. Average turnover days for trade receivables declined to 49 in FY2016 from 53 in FY2015, mainly due to a non-recourse factoring arrangement.

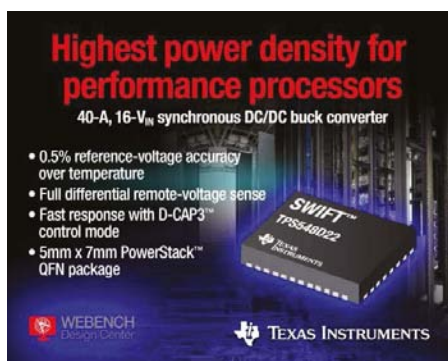
Inventories increased by US\$17.2 million mainly due to higher purchases by the Group's Hong Kong subsidiary and included inventories of Achieva Technology group.

Other current assets increased by US\$1.8 million mainly due to a deposit of US\$1.5 million paid by Serial System International Pte. Ltd. to subscribe for new shares issue by 21% owned Tong Chiang Group.

Financial assets, available-for-sale increased by US\$4.9 million mainly due to a US\$5.0 million fair-value gain from the Group's investment in South Korea-listed Unitrontech Co., Ltd ("Unitron"). The Group disposed of some Unitron shares in FY2016 with cost amounting to US\$0.1 million and recognised a net profit of US\$3.9 million.

Investments in associated companies decreased by US\$2.0 million after Achieva Technology became a subsidiary of the Group on 27 January 2016. The decline also factored in share of net losses of US\$3.9 million and translation losses of US\$1.5 million from associated companies, Bull Will and SPL Holdings (Australia) Pty Ltd respectively. The decrease was partly offset by increase in investment of US\$5.0 million in SPL Holdings (Australia) Pty Ltd to 27.34% from 20% and investment of US\$0.5 million in a 45% interest in Unitrontech China Co. Ltd.





Property, plant and equipment increased by US\$0.3 million. This took into account the transfer of an amount of US\$2.5 million from investment properties as the Group converted the third floor of its Serial System Building in Singapore for its own use. It also factored in the acquisition of a Malaysia property amounting to US\$0.8 million for the electronic components distribution business. Additions in plant and equipment of US\$1.9 million also contributed to the increase. The overall increase was reduced by depreciation of US\$3.5 million and a currency movement of US\$1.4 million.

As at 31 December 2016, the Group's net asset value per share was 13.93 US cents, compared to 13.33 US cents as at 31 December 2015.

Liabilities

Trade and other payables increased by US\$39.0 million. This was mainly due to increased purchases by the Group's Hong Kong electronic components distribution subsidiary, and trade payables arising from Achieva Technology. The increase in trade and other payables was partially offset by lower purchases at consumer products distribution subsidiary, Swift-Value Business Pte. Ltd. ("Swift-Value"). Average payment days for trade payables remained at 33 in FY2016.

Borrowings increased by US\$2.4 million due to higher bank borrowings by the Group's electronic components distribution subsidiaries, especially in Singapore, Hong Kong and Taiwan, for increased working capital requirements

and bank borrowings arising from Achieva Technology. The increase was partially offset by net repayments of borrowings by Swift-Value.

Share Capital

As at 31 December 2016, Serial System had a total of 895.8 million issued shares (excluding treasury shares), similar to the number at the end of the previous year.

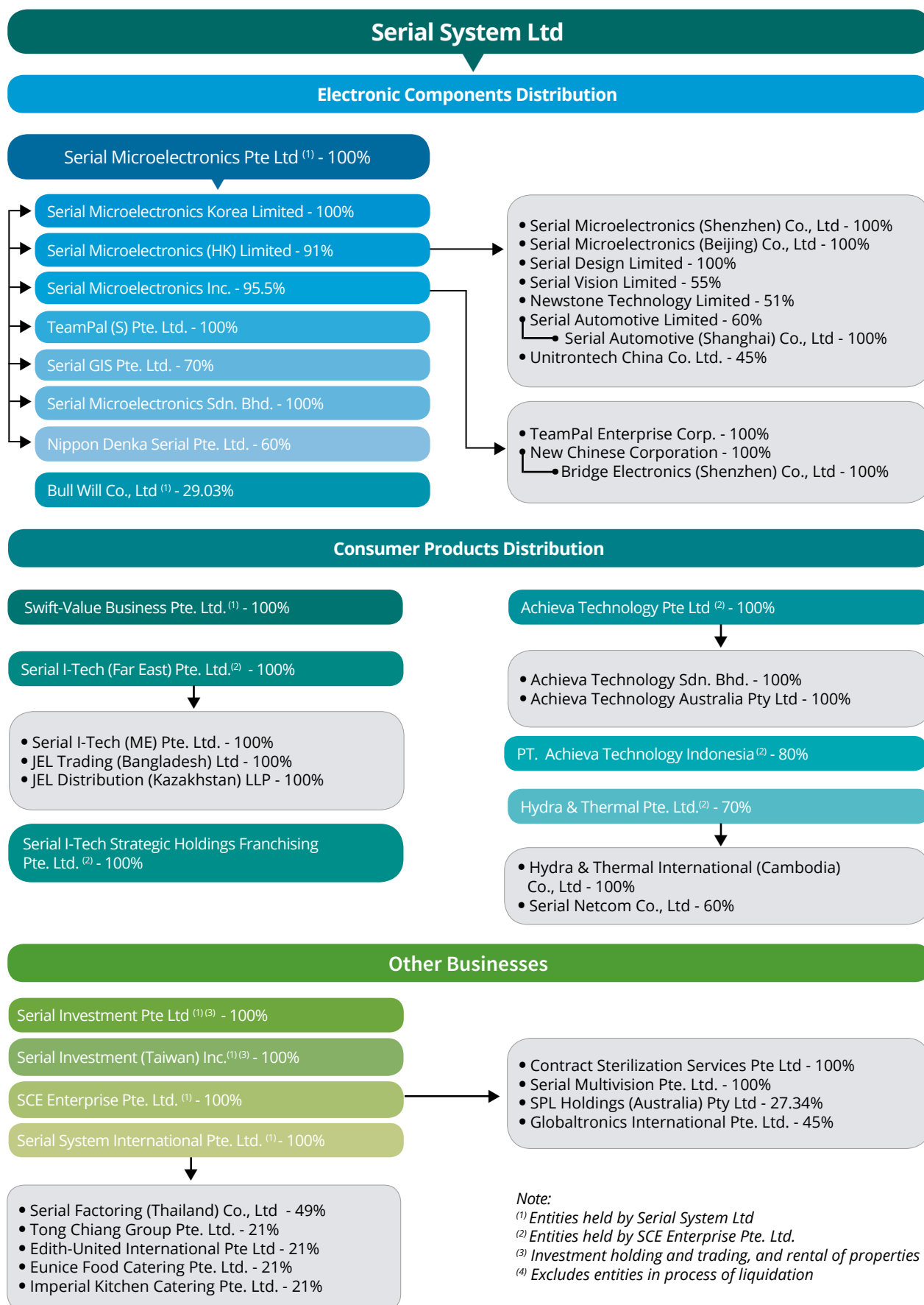
SGX-ST Watch-List

Serial System emerged from the Watch-List of the Singapore Exchange Securities Trading Limited on 5 December 2016. It was put on the list on 3 March 2016.



Group Structure

At at 28 March 2017



Extensive Distribution Network



> 1,000 employees in Asia Pacific



53 Offices and Representations



13 Warehouses



**One of the largest Asian geographical presence (in terms of offices)
in the electronics and semiconductor distribution industry**

Electronic Components Distribution Product Line Cards



ON Semiconductor®



FINGERPRINTS



Consumer Products Distribution

In Year 2017, Serial System will begin the careful consolidation of its key consumer products distribution group, beginning with Swift-Value Business Pte. Ltd., Achieva Technology Pte Ltd and Serial I-Tech (Far East) Pte Ltd. Housing them as one group would help focus business operations and build further synergistic opportunities between the various consumer product lines.

Together these 3 companies can leverage on the strengths of each other to cover their individual weaknesses. More importantly, their combined pool of both business networks, regional presence and product offerings allow for even greater opportunities together.



Swift-Value Business Pte. Ltd.

Swift-Value Business Pte. Ltd. ('Swift-Value'), a wholly owned subsidiary of the Group, is a leading distributor of printer accessories, primarily ink and toner cartridges. It is the authorized distributor of Hewlett-Packard (HP), Epson and Canon products and also the authorized reseller of products from major brands such as Fuji Xerox, Samsung, Oki and Panasonic.

Besides being a major supplier in key government tender projects, Swift-Value maintains a close relationship with hundreds of customers ranging from heartland operators to large retail superstores such as Popular. With efficient warehouse operations and sales personnel, Swift-Value exemplifies its name by providing a fast and value-added service, retaining customers' loyalty and offering an extensive and consistent network for suppliers.



Achieva Technology Pte Ltd

Achieva Technology Pte Ltd ("Achieva Technology"), a wholly owned subsidiary of the Group, distributes a multitude of consumer and enterprise information technology products.

With extensive business networks across Singapore, Malaysia, Indonesia and Australia, Achieva Technology is in a position to tap into enormous opportunities in these regions. Achieva Technology carries established brands such as Intel, Samsung, Adata, Asus, which make them an extensive one-stop solution for both end-user and enterprise customers.

In today's emerging e-commerce centric market, Achieva Technology has also developed and maintained key channels on online platforms such as Qoo10 and Lazada.

Serial I-Tech (Far East) Pte. Ltd.

Serial I-Tech (Far East) Pte. Ltd. ("SIFE"), a wholly owned subsidiary of the Group, distributes information technology, mobile, photographic and timepiece products.



Headquartered in Singapore, it distributes a wide range of globally-renowned brands including Apple, Jabra, Marumi, LUXA2 and Fossil. With a satellite office in the prosperous Middle East, SIFE provides a convenient gateway for suppliers looking to establish a foothold in that area.

Serial Netcom Co., Ltd.

Through its 70% owned subsidiary Hydra & Thermal Pte. Ltd., Serial System owns a 60% stake in Serial Netcom Co., Ltd. ("Serial Netcom"), a distributor and trader of mobile phone's subscriber identity module (SIM) cards and top-up cards in Cambodia for Smart Axiata Co., Ltd and other telecommunication operators.

Serial Netcom holds sole distribution rights for the SIM and top-up cards in several provinces of Cambodia. With this as a foundation, Serial Netcom is able to build and develop these networks into further potential retail channels.

Other Businesses

Serial Multivision Pte. Ltd.

Serial Multivision Pte. Ltd. is a wholly owned subsidiary of the Group that specialises in Hospitality and Healthcare Solutions.

The Hospitality and Healthcare Solutions are evolved around a core venue management application suite for industry management. Premise operators are offered technology suites that are specifically tailored for their needs, complementing their existing systems and improving their services for customers and visitors. Development was done with close input and support from ground-level operation staff and incorporates leading-edge multi-applications.

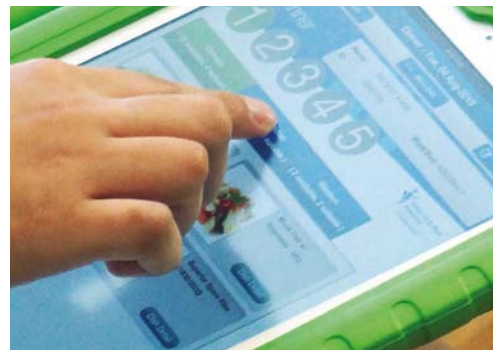
Examples of these applications include the Intelligence Room Infotainment Solution and the Digital Media Content Management system, all which are part of the Venue Management Suite. The Suite allows users to automatically parse through both customer and employee feedback, calculating satisfaction points in key areas for organisations to accurately measure their productivity and effectiveness.

Another key solution is Serial Multivision's flagship electronic Meal Ordering System (eMOS). Developed for food service management in the healthcare industry, the system combines the hospital and kitchen operations seamless with inputs from the nutrition and dietetics offices, providing a convenient, digital knowledge base for reference. Users can easily access the information via a mobile menu, and get immediate updates regarding clinical nutritional care, food allergy checks and other safety net checks for special dietetics requirements. For seamless end-to-end workflow, eMOS provides customised HL7 interfaces with real-time information to support patients' nutritional care and meals delivery.

Serial Multivision's clients include Khoo Teck Puat Hospital, Ng Teng Fong General Hospital, Jurong Community Hospital, Changi General Hospital, St Andrew's Hospital, Gleneagles Hospital, Mount Elizabeth Orchard, Parkway East Hospital, Parkway Mount Elizabeth Novena and Yishun Community Hospital.

Khoo Teck Puat Hospital and Yishun Community Hospital currently also uses Serial Multivision's proprietary tracking system that allows health-related incidents to be reported on a common platform and streamlines hospital operations and better equips staff to handle critical issues.

In January 2017, Serial Multivision has been engaged to build an operational control system that will open new grounds for future businesses.



Touch Medical Pad at Khoo Teck Puat Hospital



iPad Touch for Nurse/Patient at Khoo Teck Puat Hospital



Incident Tracking and Quality Review



Inventory Management System



Information Display System

Contract Sterilization Services Pte Ltd

Contract Sterilization Services Pte Ltd, a wholly owned subsidiary of the Group, assembles and distributes medical devices. It offers a full range of standard and customised perfusion tubing packs. Marketed all over the Asia Pacific region, these products are the preferred choices of many leading hospitals.

Contract Sterilization Services utilises the best components from the United States and Europe and customises the majority of its products to suit its customers' stringent demands. The company is ISO 13485-certified and its perfusion products have the coveted CE mark.

Contract Sterilization Services' reputation for quality and innovative designs is a result of consistent attention to materials, machining and manufacturing techniques. Its engineers and technicians work closely with customers and clinical consultants to provide the best solutions to complex problems and applications. It abides by the principles of total quality management, from initial contact with clinical professionals to the delivery of sterile finished products that meet stringent requirements.

Contract Sterilization Services is strategically located near the Medtech Hub@Tulang, which will house world-class medical companies in Singapore. The Medtech Hub is a government initiative to promote Singapore as Asia's medical hub.



Customized Heart Lung Pack - use in Cardiac Bypass Surgery



Angio- use in interventional radiology



Sterile Procedural Pack



Blood Cardioplegia



Cleanroom Operation

SPL Holdings (Australia) Pty Ltd

Serial System has a 27.34% equity interest in SPL Holdings (Australia) Pty Ltd, which provides laundry services to hotels, resorts, care centres, hospitals and restaurants in key cities and towns in Australia.

Formed in Year 1990, SPL uses state-of-the-art technologies, such as radio frequency identification devices and automated towel folders, to stay ahead of the competition and ensure its services are reliable and consistent. Its commitment to environmental protection through its on-site water recycling plant and other initiatives also differentiates it from other players in the business.

Today, SPL handles more than 60 tons of laundry each day, and it is their foresighted investment in automation and other key technologies that allows them to offer a consistent, everyday service for their customers even through public holidays.

SPL's high standards and dependable service have retained them a loyal client base of more than 660 in Melbourne with another 2,000 across Australia. These include established hospitality brands such as the Hyatt, Sofitel, Best Western, Stamford and Quest.

Besides Melbourne, Sydney, Brisbane and Canberra, SPL also operates in other cities and towns in the states of Victoria and New South Wales. Even then SPL continues to innovate and expand its reach, investing in new developments in Perth and Adelaide that will help push their operations to greater heights in the future.



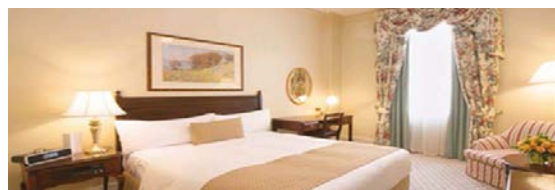
Continuous Batch Washer



Reverse Osmosis (On-site Water Recycling Plant)



Flatwork Ironer



Clientele - Hotels and Restaurants

Bull Will Co., Ltd. (Taiwan Stock Code 6259)



Plants in China

Bull Will Co., Ltd., a Taiwan entity listed on the Over-The-Counter Securities Exchange in Taiwan, became an associated company after Serial System acquired a 29.3% equity interest in Year 2007. Serial System's current equity stake in Bull Will is 29.03%.

Bull Will, which started as a passive electronic components distributor, has over the years transformed itself into a company with capabilities in research and development, design and the manufacturing of a full range of magnetic components for electronic products.

Bull Will's products include sensors, over-current protection devices, control systems and discrete components. These components are widely used in power supplies, LCD monitors, smartphones, notebooks, servers, air-conditioners, automotive, solar inverters, etc.

Bull Will's vertical integration, production capacity and technical know-how enable it to quickly adapt to its customers' requirements and achieve the best price, quality and delivery. It aims to be the leading supplier of magnetic, passive, electromechanical and discrete components with demand-creation capabilities for all tiers of customers in the electronic industry.

Headquartered in Taipei, Taiwan, Bull Will has two manufacturing plants in China and about 250 employees.



Automotive Magnetics



Hybrid Series (BW Patent)



Choke



Wireless Antenna Choke

Tong Chiang Group Pte. Ltd.

Serial System has a 21% equity stake in Tong Chiang Group Pte. Ltd., a food manufacturer and caterer based in Singapore. Tong Chiang has been offering healthy catering options with quality ingredients to multinational corporations, SMEs and homes since Year 2007.

Tong Chiang's products and services can be broadly categorised under home-meal catering ("tingkat delivery"), bento boxes (packet meals) for corporate customers, and halal and non-halal catering for private and corporate events.

Tong Chiang has 13 wholly owned subsidiaries and three property investment holding entities. It operates in five factories and three warehouse units.

In Year 2017, Tong Chiang received further support from NSG Catering Pte Ltd (Nanshan Group), who acquired a 25% equity stake in the company.



Private and Corporate Catering



Cooks at Work



Bento Boxes



Tingkat Delivery

Financial Calendar

24 February 2016

Announcement of Fourth Quarter and Financial Year 2015 Results

07 April 2016

Release of Annual Report 2015

22 April 2016

Annual General Meeting 2016

09 May 2016

Announcement of First Quarter 2016 Results

20 May 2016

Payment of 2015 Final Cash Dividend

05 August 2016

Announcement of Second Quarter and Half Year 2016 Results

09 September 2016

Payment of 2016 Interim Cash Dividend

11 November 2016

Announcement of Third Quarter and Nine Months 2016 Results

22 February 2017

Announcement of Fourth Quarter and Financial Year 2016 Results

06 April 2017

Release of Annual Report 2016

28 April 2017

Annual General Meeting 2017

30 May 2017

Payment of 2016 Final Cash Dividend (subject to Shareholders' approval at Annual General Meeting 2017)

Corporate Information

Board of Directors

Dr. Derek Goh Bak Heng
(Executive Chairman & Group CEO)
Mr. Tan Lye Heng Paul
Mr. Ravindran s/o Ramasamy
Mr. Ng Cher Yan
Mr. Goi Kok Neng Ben

Audit Committee

Mr. Tan Lye Heng Paul (Chairman)
Mr. Ravindran s/o Ramasamy
Mr. Ng Cher Yan

Nominating Committee

Mr. Ng Cher Yan (Chairman)
Mr. Tan Lye Heng Paul
Mr. Ravindran s/o Ramasamy
Dr. Derek Goh Bak Heng

Remuneration Committee

Mr. Ravindran s/o Ramasamy (Chairman)
Mr. Tan Lye Heng Paul
Mr. Ng Cher Yan
Dr. Derek Goh Bak Heng

Serial System Employee Share Option Scheme 2014

Mr. Ravindran s/o Ramasamy (Chairman)
Mr. Tan Lye Heng Paul
Mr. Ng Cher Yan
Dr. Derek Goh Bak Heng

Company Secretary

Mr. Alex Wui Heck Koon

Registered Office

8 Ubi View #05-01
Serial System Building
Singapore 408554

Group Website

www.serialsystem.com

Registrar & Share Transfer Office

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Auditors

Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road #29-15
International Plaza
Singapore 079903
Audit Partner :
Mr. Neo Keng Jin
(appointed in Year 2016)

Principal Bankers

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
BNP Paribas
China CITIC Bank International
China Construction Bank (Asia)
CTBC Bank Co., Ltd
DBS Bank Ltd
Hang Seng Bank Limited
Industrial Bank of Taiwan
Industrial and Commercial Bank of China Limited (Asia)
KGI Bank
Malayan Banking Berhad
RHB Bank Berhad
Sumitomo Mitsui Banking Corporation
Taipei Fubon Bank
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Corporate Social Responsibility



Visit to Tai Pei Old Folks Home



Tai Pei Old Folks Home - Distribution of Goody Bags, Red Packets and Festive Cheer

Giving back to society is a trait deeply imbued in Serial System's corporate culture. We believe in being a responsible corporate citizen, hence our CSR efforts have a broad reach, targeting the elderly, the poor and needy, as well as areas like medical, education, youth development, arts, culture and heritage.

Our beneficiaries in Year 2016 included the five Community Development Councils ("CDCs"), the People's Association Community Centres/Clubs Building Fund and the Singapore Children's Society. In the year under review, Serial System contributed a total of S\$957,000 (US\$683,000) to various causes and organisations in Singapore.

The Poor and Needy

For more than two decades now, we have been celebrating Lunar New Year every year with the senior citizens of Tai Pei Old Folks Home, bringing them "goody" bags, red packets and festive cheer.

We continued with our three-year donation drive with the CDCs in Year 2016 (being the final year) to provide financial aid to the needy. Under the programme, first announced on 1 November 2013 in conjunction with our 25th Anniversary, Serial System donated S\$100,000 every year while Zhi Zhen Tan Dao Xue Hui ("Zhi Zhen Tan") – a Taoist charity organisation founded by Dr. Derek Goh – gave S\$50,000 annually to each of the five CDCs, which in turn matched the donations dollar for dollar. With the government matching, Serial System and Zhi Zhen Tan raised a total of S\$4.5 million from Year 2014 to Year 2016.

Medical, Children and Youth

In Year 2016, Serial System donated S\$28,000 (US\$21,000) to Sian Chay Medical Institution to support Traditional Chinese Medicine ("TCM") services for needy and elderly patients, regardless of race or religion. A separate S\$50,000 (US\$37,000) went to Stroke Support Station Ltd to fund programmes designed in collaboration with the National University Hospital System to assist stroke survivors on their journey to recovery. Serial System also donated S\$50,000 (US\$35,000) to the Singapore Children's Society to help and nurture needy children and youth of all races and religions in Year 2016.

Other Contributions

In addition to medical, children and youth development causes, Serial System also donated more than S\$329,000 (US\$244,000) in Year 2016 to other programmes and organisations in Singapore.



Appreciation Luncheon by South East CDC - Dr Mohamad Maliki Osman, Mayor of South East District with Dr. Derek Goh



Sian Chay Medical Institution Appreciation Dinner at Singapore EXPO - Dr Toh Soon Huat, Minister Ng Chee Meng, Dr. Derek Goh and Mrs Goh

Board of Directors



Dato' Seri Dr. Derek Goh Bak Heng BBM
Executive Chairman & Group CEO

Dr. Derek Goh Bak Heng founded Serial System as a sole proprietorship in 1988, incorporated Serial System Ltd in 1992 and was the founding Chairman and CEO when the Company was listed in 1997.

Dr. Goh is currently the Executive Chairman and Group CEO of Serial System Ltd with overall management responsibilities for the Group. As Executive Chairman, Dr. Goh leads the Board in charting the future direction for the Group. He is currently also a member of the Remuneration Committee and Nominating Committee.

Dr. Goh holds an Honorary MBA degree from the American University of Hawaii and the Honorary Doctor of Business Administration in Marketing degree from the Wisconsin International University. He was conferred the degree of Honorary Doctor of Philosophy in Business Administration by the Kennedy-

Western University. Dr. Goh was appointed Adjunct Professor, Faculty of Business and Design for Swinburne University of Technology Sarawak Campus in Malaysia since 1 September 2013.

In 1996, Dr. Goh won the "Entrepreneur of the Year Award", organised by the Rotary Club of Singapore and the Association of Small and Medium Enterprises, supported by the Trade Development Board. In 1997, Dr. Goh was elected the National President of JCI Singapore and was conferred the Singapore Youth Award (Individual) for entrepreneurship, the nation's highest honour for youths. In 1999, Dr. Goh was conferred the ASEAN Best Young Entrepreneur Award 1999 by the ASEAN Secretariat, and the World Association of Small and Medium Enterprises (WASME) Special Honour Award by the World Association of Small and Medium Enterprises on 29 March 2000. In 2004, Dr. Goh was awarded the Public Service Medal by the President of the Republic of Singapore and in 2010, the Public Service Star Medal (Bintang Bakti Masyarakat) on the National Day Honours 2010. In 2010, Dr. Goh won the "Asia Pacific Entrepreneurship Awards 2010 Entrepreneur of the Year" organised by Enterprise Asia and APF Group Pte Ltd and in 2011, he won the Ernst & Young Entrepreneur Of The Year® 2011 Singapore Award for the Electronic Components Distribution Category. In 2014, Dr. Goh was elected the President of JCI Senators of South East Asian Nations. In 2015, Dr Goh was awarded the International-Singapore ASEAN Leading Brand International Entrepreneur of the Year at the ASEAN Outstanding Business Award 2015 and was named the "UN Asia Pacific Most Prominent Entrepreneur" co-organised by the Trade and Industry Association ("TIAS") Singapore and the United Nations ("UN") Association of Singapore. He was also awarded one of the "Top Outstanding Leaders in Asia 2015" in the Asia Corporate Excellence & Sustainability Awards 2015 ("ACES").

As at 28 March 2017, Dr. Goh holds 355,090,070 shares (39.64%) in Serial System Ltd. Dr. Goh is a substantial shareholder of Serial System Ltd.



Tan Lye Heng Paul
*Non-Executive &
Lead Independent Director*

Mr. Tan Lye Heng Paul joined the Board of Directors on 16 June 2011. He is currently the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

Apart from Serial System Ltd, Mr. Tan is also a Non-Executive and Independent Director of SGX-listed Sin Ghee Huat Corporation Ltd and Second Chance Properties Ltd.

Mr. Tan holds an MBA from the University of Birmingham in the United Kingdom. He is currently the managing director of CA TRUST PAC, a fellow member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants and a member of Singapore Institute of Accredited Tax Professionals Limited and Singapore Institute of Directors.

As at 28 March 2017, Mr. Tan holds 240,000 shares (0.03%) in Serial System Ltd.

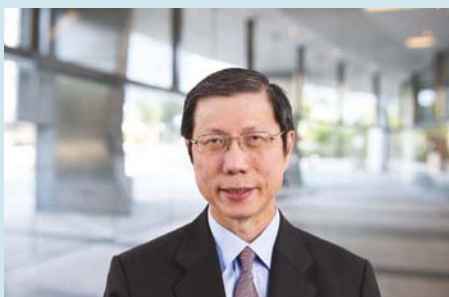


Ravindran s/o Ramasamy
Non-Executive &
Independent Director

Mr. Ravindran s/o Ramasamy joined the Board of Directors on 14 August 2001. He is currently the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

Apart from Serial System Ltd, Mr. Ravindran is also a Non-Executive and Independent Director of SGX-listed Best World International Ltd.

Mr. Ravindran holds a Master of Law from the National University of Singapore and is a partner with Colin Ng & Partners.



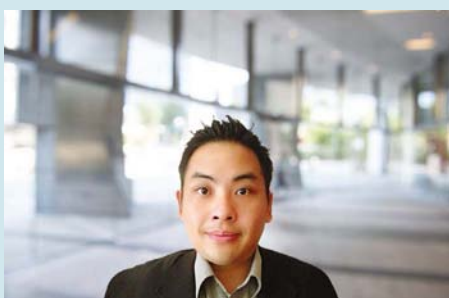
Ng Cher Yan
Non-Executive &
Independent Director

Mr. Ng Cher Yan joined the Board of Directors on 28 March 2017. He is appointed as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

Apart from Serial System Ltd, Mr. Ng is also Non-Executive and Independent Director of several SGX-listed companies such as Samko Timber Limited, Mermaid Maritime Public Co Ltd, Vicplas International Ltd and MoneyMax Financial Services Ltd. He is also a Non-Executive Director of Taiwan-listed Bull Will Co., Ltd.

Mr. Ng graduated from the National University of Singapore in 1983 with a Bachelor of Accountancy degree. He is currently a practicing chartered accountant with Plus LLP, and a fellow member of the Institute of Singapore Chartered Accountants and a member of the Institute of Chartered Accountants in Australia.

As at 28 March 2017, Mr. Ng holds 150,000 shares (0.02%) in Serial System Ltd.



Goi Kok Neng Ben
Non-Executive Director

Mr. Goi Kok Neng Ben joined the Board of Directors on 27 April 2013.

Apart from Serial System Ltd, Mr. Goi is also a Non-Executive Director of SGX-listed Yamada Green Resources Limited.

Mr. Goi is currently the managing director of Abaglobe (S) Pte. Ltd., an entity selling abalone canned food. Prior to joining Abaglobe (S) Pte. Ltd., Mr. Goi was Deputy Director of Overseas Sales at Hong Kong Stock Exchange-listed Trigiant Group Ltd, a leading manufacturer of mobile telecommunications cables in China, from 2009 to 2013, and General Manager of Singapore-based Honjji Foods (2005) Pte Ltd from 2005 to 2009. Mr. Goi started his career with global frozen foods manufacturer, TYJ Group in 1999 in various aspects of the business – namely investment, sales, marketing and operations.

Management Team



Derek Goh Bak Heng
Group Chief Executive Officer

As Group Chief Executive Officer, Derek leads the management team in executing strategies to achieve the goals set by the Board of Directors.



Alex Wui
Group Chief Financial Officer &
Group Company Secretary

Alex Wui joined Serial System Ltd in August 2000 and was appointed Group Financial Controller in August 2006. He was re-designated as Group Chief Financial Officer in April 2011.

As Group Chief Financial Officer, Alex is responsible for the Group's accounting, finance, treasury and tax functions. As Group Company Secretary, he ensures the Group complies with all established procedures and relevant statutes and regulations.

Apart from Serial System Ltd, Alex is also a Non-Executive and Lead Independent Director of SGX Catalist-listed Jason Holdings Limited.

Alex is a Chartered Accountant with corporate advisory and public accounting experiences gained with an international accounting firm. He holds a Bachelor of Accountancy degree with Honours from the Nanyang Technological University and a MBA from the Warwick Business School in the United Kingdom.



Sean Goh
Senior Vice President
Corporate Planning, Development & Regional Marketing

Sean Goh joined Serial Microelectronics Pte Ltd in June 2004 as its Sales Engineer. He was appointed Vice President of Regional Marketing in October 2009 and Senior Vice President of Corporate Planning, Development and Regional Marketing in July 2011.

Sean is in-charge of marketing, planning and development activities for the Group and oversees the Group's consumer products distribution business.

Sean holds a Bachelor of Engineering degree with Honours from the Nanyang Technological University.



Adrian Chu
Group Chief Operating Officer

Adrian Chu joined Serial Microelectronics Pte Ltd in June 2011 as its Group Chief Operating Officer.

Adrian is tasked to drive revenue growth and profitability throughout the Group's electronic components distribution business. He leads in defining new and growing markets for revenue growth, driving efficiency through implementation of new improved processes and logistics activities, enhancing productivity through optimization of assets and centralizing key activities. He also plays a major role in obtaining new franchise lines and engaging merger and acquisition activities.

Having based in Taiwan and China, Adrian has a vast regional experience of over 31 years in the electronic and semiconductor industry and had held various roles in Sales & Marketing, Product Line Management in multi-national semiconductor companies. Prior to joining the Group, he was the Senior Vice President, Asia Pacific Sales & Marketing and General Manager for the Standard Products Business Group in NASDAQ-listed Fairchild Semiconductor, and was Vice President of NASDAQ-listed NXP Semiconductors.

Adrian holds a Bachelor of Business Administration degree from the Royal Melbourne University in Australia. He also graduated from Singapore Polytechnic in Electronics and Communications and Singapore Institute of Management in Management Studies.



Ng Teck Cheng
Senior Vice President
Operations & Asset Management

TC Ng joined Serial Microelectronics Pte Ltd in June 2004 as its Operations and Logistics Director. He was appointed Senior Vice President, Operations and Asset Management in October 2009.

TC is in-charge of driving optimum inventory turns, minimum inventory obsolescence, supply chain and logistics process/ operation efficiency and security for the Group's inventories.

Prior to joining the Group, TC held senior level positions at Texas Instruments Singapore and Kintetsu World Express. He holds a Bachelor of Science degree from the National University of Singapore and a Master of Business in Information Technology from RMIT.



Sidney Thong
Vice President
Corporate IT & Central Functions

Sidney Thong re-joined Serial System since May 2009 as the Senior Director for Corporate IT. He was appointed Vice President of Corporate IT and Central Functions in July 2014.

Sidney is in-charge of leading the corporate IT team and managing all core IT functions as a shared service for the Group. He plays a key role in integrating new businesses as the Group expands into larger geographical footprint and into new business segments. Sidney also leads the initiative to set up central functions within the Group to raise efficiency and to leverage on the strengths of collaborated cross functional teams region-wide.

Sidney is a Certified Project Management Professional with extensive project management experiences gained with SAP Asia. He holds a Bachelor of Electrical Engineering degree from the University of Illinois in the United States.

COUNTRY HEADS



Kim Sang Yeol

President
Serial Microelectronics Korea Limited
South Korea

SY Kim was appointed President of Serial Microelectronics Korea Limited ("SMKR") in May 1999.

As Country Head of SMKR, SY oversees the Group's electronic components distribution business in South Korea.

SY has over 31 years of experience in the semiconductor and technology field and had held senior level positions at Space Semiconductor Trading Limited and Alpha Technology Industries Limited.

SY holds a Bachelor of Electronics Engineering degree from KwangWoon University in South Korea.



Lawrence Ho

President
Serial Microelectronics (HK) Limited
Hong Kong & China

Lawrence Ho was appointed President of Serial Microelectronics (HK) Limited ("SMHK") in July 2001.

As Country Head of SMHK, Lawrence oversees the Group's electronic components distribution business in Hong Kong and China.

Prior to joining SMHK, Lawrence owned Innowave Technology Ltd, a company engaged in trading and distribution of electronic components in Hong Kong.

Lawrence holds a Bachelor of Electronics Engineering degree from Hong Kong Polytechnic University in Hong Kong.



William Low

Vice President
Serial Microelectronics Pte Ltd
South Asia Pacific

William Low joined Serial Microelectronics Pte Ltd in August 2013 as its Vice President.

William oversees the Group's electronic components distribution business in South Asia Pacific.

William has over 31 years of experience in the electronic and semiconductor industry and had held senior level positions at Excelpoint Systems and Dovatron International Inc.

William holds a Diploma in Production Engineering from Singapore Polytechnic and a Manufacturing Consultant certificate from SANNO Institute of Business Administration, Japan. He is also a qualified practitioner of MTMII from the MTM Association, Sweden.



Jesse Jeng

President
Serial Microelectronics Inc.
Taiwan

Jesse Jeng was appointed President of Serial Microelectronics Inc. ("SMTW") in January 2007.

As Country Head of SMTW, Jesse oversees the Group's electronic components distribution business in Taiwan.

Jesse has over 30 years of experience in the electronic trading and distribution industry, including 4 years at Chander Electronics Corp and 11 years at Arrow Electronics (Taiwan) Ltd.

Jesse holds a Bachelor of Electrical Engineering degree from John's University and a Physics degree from Tamkang University in Taiwan.

Corporate Governance Report

Both Board of Directors (the "Board") and Management are committed to high standards of corporate governance to protect the interests of its shareholders and enhance long-term shareholders' value.

This report describes the Company's corporate governance processes and activities with specific reference to The Code of Corporate Governance 2012 (the "Code") and relevant sections of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

1. Board Matters

The Board's conduct of its affairs

Principle 1: Effective Board to lead and control the Company

Guideline 1.1: Board's Role

The Board's primary role is to protect and enhance the long-term shareholders' value. Besides setting the overall strategic direction for the Group, the Board also provides entrepreneurial stewardship such as establishing goals for the Management and regularly monitoring the achievement of these goals.

The Board also monitors Management performance and oversees the processes for evaluating the adequacy of internal controls, financial reporting and compliance.

Guideline 1.2: Objective Decision Making

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interests of the Group.

Guideline 1.3: Delegation of authority to Board Committees

For the effective execution of its responsibilities, the Board has delegated most of its functions to the various Board committees. These are the Audit Committee ("AC"), Nominating Committee ("NC"), and Remuneration Committee ("RC"). All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

The Board is informed of the key matters discussed in each Board Committee meeting. At all times, the Board and the Board Committees have independent access to the Group Chief Executive Officer ("Group CEO"), members of the Management and the Company Secretary. There is a clear demarcation of responsibilities between the Board and the Management.

Please refer to Table 1 below - Board and Board Committees

The composition of the current Board and Board Committees is as shown below:

Table 1: Board and Board Committees:

Name of Director	Date of appointment	Date of last re-election	Main Board		Audit Committee	Nominating Committee	Remuneration Committee
			Status	Position	Position	Position	Position
Derek Goh Bak Heng ⁽¹⁾	26 October 1998	26 October 1998	Executive/ Non-independent	Executive Chairman & Group CEO	-	Member	Member
Tan Lye Heng Paul	16 June 2011	22 April 2016	Non-Executive/ Lead Independent	Member	Chairman	Member	Member
Ravindran s/o Ramasamy	14 August 2001	29 April 2015	Non-Executive/ Independent	Member	Member	Member	Chairman
Goi Kok Neng Ben ⁽²⁾	27 April 2013	22 April 2016	Non-Executive/ Non-Independent	Member	-	-	-
Ng Cher Yan ⁽³⁾	28 March 2017	-	Non-Executive/ Independent	Member	Member	Chairman	Member

⁽¹⁾Appointed Group Managing Director on 1 March 2001 and is not subjected to retirement by rotation pursuant to Serial System Ltd's Constitution

⁽²⁾Son of Goi Seng Hui, a substantial shareholder of Serial System Ltd

⁽³⁾Appointed as a Director of the Company effective from 28 March 2017

1. Board Matters (continued)

The Board's conduct of its affairs (continued)

Principle 1: Effective Board to lead and control the Company (continued)

Guideline 1.4: Meetings of Board and Board Committees

The Board meets at least four times in a year. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. The Board and Board Committees may also make decision through circulating resolutions.

Please refer to Table 2 below - Attendance at Board and Board Committee Meetings.

Table 2: Attendance at Board and Board Committee Meetings in Year 2016:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	5	5	1	1
Number of meetings attended:				
Derek Goh Bak Heng	5	NA	1	1
Tan Lye Heng Paul	5	5	1	1
Ravindran s/o Ramasamy	5	5	1	1
Lee Teck Leng Robson *	3	4	1	1
Goi Kok Neng Ben	5	1	NA	NA

NA - Not Applicable

*Lee Teck Leng Robson resigned as a director of the Company on 31 December 2016

Guideline 1.5: Internal guidelines on matters requiring Board approval

The Board continues to approve matters, which, under the Companies Act and SGX-ST's Listing Manual, require the Board's approval. Specifically, the Board has direct responsibility for decision making in the following:

- Joint ventures, acquisitions, and mergers
- Sales and purchases of shares in Serial System Ltd and its subsidiaries and associated companies, and other companies
- Capital expenditure exceeding S\$2.0 million (equivalent to US\$1.4 million)
- Disposal of assets exceeding S\$2.0 million (equivalent to US\$1.4 million)
- Borrowing exceeding S\$5.0 million (equivalent to US\$3.5 million)
- Interested person transactions for an amount equal to or more than S\$100,000 (equivalent to US\$69,000)
- Declaration of dividends by Serial System Ltd
- Appointment of Directors and Chief Executive Officer of Serial System Ltd

Guideline 1.6: Continuous training and development of directors

The Company conducts briefings, which is presented by CEO and Management, to familiarise new directors with its business, operations and management structure. These briefings give directors an understanding of the Company's businesses to enable them to assimilate into their new roles. Directors also meet with Management in order to understand the Company's businesses more effectively.

All directors are kept informed of updates and developments in relevant areas such as corporate governance, financial reporting standards and applicable rules and regulations. The Company will enroll all incoming directors to courses which cover roles and responsibilities of directors for a listed company, so as to enable them to properly discharge their duties.

New directors can request for further explanations, briefings or information on any aspect of the Group's operations or issues from Management.

Guideline 1.7: Letter to director on appointment

A formal letter of appointment will be provided to every new director, indicating the duties and obligations under the Group's policies, processes and best practices in corporate governance.

Ng Cher Yan who was appointed as a Director of the Company has signed a formal letter of appointment with the Company.

2. Board composition and guidance

Principle 2: Independent element on the Board

Guideline 2.1: Independent element on the Board

Currently, the Board comprises one executive director, one non-executive director and three independent directors.

Please refer to Table 1 – Board and Board Committees.

Guideline 2.2: Composition of independent directors on the Board

While the Chairman and the CEO is the same person, the Board is still in compliance with the guidelines of the Code that the composition of the independent directors needs to make up at least half of the Board at present.

Guideline 2.3: Independence of directors

The Board is guided by the definition of independence given in the Code in determining if a director is independent.

The NC has also reviewed and confirmed that Tan Lye Heng Paul, Ravindran s/o Ramasamy and Ng Cher Yan are independent directors.

Guideline 2.4: Independence of directors who have served on the Board beyond nine years

For good corporate governance, the Board carries out rigorous review of the contributions and independence of directors who have served on the Board beyond nine years and if necessary, exercise its discretion to extend the tenures of these directors. Currently, Ravindran s/o Ramasamy has served as independent director of the Company for more than nine years. The Board has determined that Ravindran s/o Ramasamy remains independent in character and judgement and there were no relationships with management or substantial shareholders or circumstances which were likely to affect, or could appear to affect his independence. The Board also reviews the performance of Ravindran s/o Ramasamy and considers that he who had gained good understanding of the Group's business and operations will be able to continue to bring invaluable expertise, experience and knowledge to the Board. The Board is therefore satisfied with his performance and continued independence.

Lee Teck Leng Robson has resigned from the Board on 31 December 2016 and Ng Cher Yan was appointed to the Board on 28 March 2017. To ensure continuity and stability of management and governance, it is not currently in the interests of the Company and shareholders to require Ravindran s/o Ramasamy who has served for nine years or longer to retire. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board.

Guideline 2.5: Composition and size of the Board

In determining the size, the Board maintains the view that there are sufficient directors to serve on the various committees without over-burdening them and making it convenient for them to discharge their responsibilities. As for composition, the Board is of the opinion that at least one-third of the number should be independent and non-executive.

Please refer to Table 1 – Board and Board Committees.

Guideline 2.6: Competency of the Board

Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its business.

Guideline 2.7: Role of non-executive directors

To ensure non-executive directors are kept informed of complete and timely information, they have unrestricted access to Management. They also receive board briefings on prospective deals and potential acquisitions at an early stage before formal board approval is sought, and in circulation on the relevant information on latest Group's key business initiatives. The timely dissemination of information enables non-executive directors to constructively challenge and provide necessary areas of expertise to develop both the Group's short-term and long-term business strategies.

Guideline 2.8: Regular Meetings of non-executive directors

During the year under review, the non-executive directors communicated among themselves, without the presence of the management as and when the need arose.

3. Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities and balance of power and authority

Guideline 3.1: Separate role of Chairman and CEO

The Board has decided that it would currently not be in the Group's interests to institute a separation in the role of the Chairman from that of the CEO, so as to ensure decision-making process of the Group would not be unnecessarily hindered. The Board views that in the best interests of the Group, Derek Goh Bak Heng should continue to be the Chairman of the Board and CEO of the Group for the current year.

Guideline 3.2: Roles and responsibilities of Chairman

Derek Goh Bak Heng is the Founder, Executive Chairman and Group CEO, playing a pivotal and instrumental role in developing the Group's businesses and providing the Group with strong leadership and vision. In addition to the day-to-day running of the Group, he is to ensure that each member of the Board and the Management work well together with integrity and competency. He also takes on a leading role in ensuring the Group's drive to achieve and maintain a high standard of corporate governance practices.

Derek Goh Bak Heng's performance and remuneration package are reviewed periodically by the NC and RC, respectively. As such, the Board is of the view that adequate safeguards are in place to ensure a good balance of power and responsibility.

Guideline 3.3: Appointment of lead independent director

The Board has appointed Tan Lye Heng Paul as the lead independent non-executive director to co-ordinate and to lead the independent directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on Board issues between the independent directors and the Executive Chairman. He is available to shareholders where they have concerns which contact through the normal channels of the Executive Chairman and Group CEO or Group Chief Financial Officer ("Group CFO") has failed to resolve or is inappropriate.

Guideline 3.4: Lead independent director to lead the independent directors to meet periodically

The independent directors, led by the lead independent director, meet amongst themselves without the presence of the other directors where the need arose, and the lead independent director will provide feedback to the Executive Chairman after such meetings.

4. Board Membership

Principle 4: Formal and transparent process for the appointment of directors to the Board

Guideline 4.1: NC membership and key terms of reference

Ng Cher Yan chairs the NC. Other members of the NC are Tan Lye Heng Paul, Ravindran s/o Ramasamy and Derek Goh Bak Heng. Besides Derek Goh Bak Heng, all the other three members of the NC are independent directors.

The NC has its terms of reference. Specifically, it:

- determines the criteria for identifying candidates and reviewing nominations for the appointments as directors and CEO
- decides how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval
- assesses the effectiveness of the Board as a whole
- assesses the contribution by each individual director to the effectiveness of the Board
- re-nominates any director, having regard to the director's contribution and performance
- determines on an annual basis whether a director is independent
- decides whether a director is able to and has been adequately carrying out his or her duties as a director of the Group, particularly when the director has multiple board representations and
- identifies gaps in the mix of skills, experiences and other qualities required in an effective board so as to better nominate or recommend suitable candidates to fill the gaps

Guideline 4.2: Responsibilities of NC

Key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board as a whole. It also ensures that directors appointed by the Board are subject to election by shareholders at the annual general meeting ("AGM") and that all directors are subject to re-election once every three years, if re-nominated by the NC. In this aspect, the NC recommended to the Board that Ravindran s/o Ramasamy and Ng Cher Yan, who retire pursuant to Article 89 and Article 88 respectively of Serial System Ltd's Constitution, be nominated for re-appointment at the forthcoming AGM on 28 April 2017.

4. Board Membership (continued)

Principle 4: Formal and transparent process for the appointment of directors to the Board (continued)

Guideline 4.2: Responsibilities of NC (continued)

A member of the NC holds office until the next AGM following his appointment and may, subject to the prior approval of the Board, be re-appointed to such office.

The NC held one meeting in Year 2016 and the attendance by the members is tabulated in Table 2 – “Attendance at Board and Board Committee Meetings” above.

Guideline 4.3: NC to determine directors' independence

The NC is charged with determining the independence of the directors as set out under Guideline 2.3 and 2.4 above.

Guideline 4.4: Commitments of Directors sitting on multiple boards

All directors are required to declare their board representations. When a director has multiple board representations, the NC will consider whether the director is able to adequately carry out his duties as a director of the Company.

The NC has reviewed each director's outside directorships and their principal commitments as well as each director's attendance and contributions to the Board. Despite the multiple directorships of some directors, the NC is satisfied that these directors spent adequate time on the Company's affairs and have carried out their responsibilities.

Considering the composition and mix of the current board of directors, the Board is of the view that it is not necessary to stipulate the maximum number of listed company board representation which any director may hold, for the year under review. Nevertheless, the Board will annually examine the need for such policy to be implemented.

Guideline 4.5: Appointment of alternate directors

Currently, there is no alternate director on the Board.

Guideline 4.6: Process for the selection and appointment of new directors

The Company has in place a process for selecting and appointing new directors. This process includes, inter alia, an evaluation of the candidate's capabilities and how the candidate fits into the overall desired competency matrix of the Board. Short-listed candidates would be required to furnish their curriculum vitae stating in detail their qualification, working experience and employment history to enable the NC to assess the candidate's independence status and compliance with the Company's established internal guidelines.

Guideline 4.7: Information on directors

The profiles of the directors and their respective shareholdings in the Company are set out on pages 22 to 23 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company, except for Derek Goh Bak Heng, who, by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the subsidiaries of the Company.

Directors who are seeking re-appointment at the forthcoming AGM to be held on 28 April 2017 are stated in Guideline 4.2 above.

5. Board Performance

Principle 5: Assessment of the effectiveness of the Board

Guideline 5.1: Board performance

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board, whether individually or collectively, possess the background, experience, knowledge in the business, as well as competencies in finance and management skills critical to the Group's businesses. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

Guideline 5.2 and 5.3: Performance criteria for board evaluation and evaluation of individual director

The NC has reviewed the performance and effectiveness of the Board as a whole, the respective Board Committees, as well as the contributions of individual director. The individual director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman. The criteria taken into consideration by the NC and the Chairman include the value of contribution to the development of strategy, the degree of preparedness, industry and business knowledge and experience each director possess which are crucial to the Group's businesses.

6. Access to information

Principle 6: Board members should be provided with complete, adequate and timely information

Guideline 6.1: Board access to information

From time to time, the directors are furnished with information concerning the Group's operations so that they can be appropriately cognisant of the decisions and actions of the Management. All non-executive and independent directors have access to the Management.

Guideline 6.2: Provision of information to the Board

Directors have had the opportunity to meet with the Management and receive briefings on the Group's operations and policies. Non-executive and independent directors are provided with orientation and updates on the salient aspects of the Group's businesses.

Guideline 6.3: Board's access to the Company Secretary

The Group Company Secretary attends Board and Committee meetings and is responsible for ensuring that established procedures and the relevant statutes and regulations are complied with. Directors have separate and independent access to the Company Secretary through electronic mail, telephone and face-to-face meetings.

Guideline 6.4: Appointment and removal of Company Secretary

The appointment and the removal of the Company Secretary are subject to the approval of the Board.

Guideline 6.5: Board's access to independent professional advice

If need be, all non-executive and independent directors have the right to seek professional advice, at the Group's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

7. Remuneration Matters

Principle 7: Procedures for developing remuneration policies

Guideline 7.1: Remuneration Committee

Ravindran s/o Ramasamy chairs the RC. Other members of the RC are Tan Lye Heng Paul, Ng Cher Yan and Derek Goh Bak Heng.

The RC has its terms of reference. Specifically, it:

- reviews and recommends to the Board a framework of remuneration for board members and key management personnel, and the specific remuneration packages for each director (executive and independent) as well as for the key management personnel
- reviews the Company's obligations in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous
- perform such other functions as the Board may determine

Guideline 7.2: Remuneration framework

The RC is responsible for ensuring that a formal and transparent procedure is in place for determining the remuneration packages of the executive directors and key management personnel. The remuneration package of each executive director and key management personnel is based on the performances of both the Group and the individual. The RC recommends for the Board's endorsement, a framework of remuneration that covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each director. No director is involved in deciding his own remuneration.

A member of the RC holds office until the next AGM following his appointment and may, subject to the prior approval of the Board, be re-appointed to such office.

The RC held one meeting in Year 2016 and the attendance by the members is tabulated in Table 2 – "Attendance at Board and Board Committee Meetings" above.

Guideline 7.3: RC's access to advice on remuneration matters

The RC has full authority to engage any external professional to advise on matters relating to remuneration as and when the need arises.

During the year under review, the RC discussed and sought advice from external professionals regarding a long term incentive scheme for the Group CEO as detailed in Guideline 8.1 below.

Guideline 7.4: Service contract

The Company's obligations in the event of termination of service of executive director and key management personnel are contained in their respective service agreements. The RC was satisfied that termination clauses therein are fair and reasonable to the respective employment class and are not overly generous.

8. Level and mix of remuneration

Principle 8: Level and mix of remuneration

Guideline 8.1: Remuneration of executive director and key management personnel

The Board believes that it is imperative to remunerate executive directors and key management personnel equitably to attract and retain individuals with the necessary talents and capabilities.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the executive directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group, prevailing economic situation, pay and employment conditions within similar industry and in comparable companies. The remuneration package of the executive directors and key management personnel comprises a basic salary component and a variable component which is the annual incentive bonus, based on the performance of the Group as a whole and the individual performance of the key management personnel in respect of the regions or business units they are in charged. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group. The remuneration packages of employees related to executive directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and levels of responsibility.

For the year under review, the RC considered and approved Derek Goh Bak Heng's ("Derek Goh or Group CEO") specific remuneration package which includes salary, bonus and benefits-in-kind, after considering his performance and the financial performance of the Group. Further, having due regard to Derek Goh's keyman role and importance to the Group, years of contributions and dedicated service, and in recognition of his invaluable knowledge and experience in the electronics and semiconductor industry, and also to incentivize his continual service to lead and grow the Company, the RC considered it is in the long term interest of the Company, to offer a long term incentive scheme to Derek Goh on top of his current remuneration package. After due deliberation and discussion with the relevant professionals, a deferred compensation plan in the form of an insurance coverage comprising two insurance plans totaling S\$8 million will be funded by the Company over a period of ten years commencing in the Year 2016. The Company is the owner of the insurance plans with Derek Goh as the insured. In the event Derek Goh resigned from the Company within the ten years period, the insurance plans will be terminated or transferred to him and the monies including the interest at the point of termination or transfer will be payable to Derek Goh. However, in the event Derek Goh's service is terminated, the Company reserves its right to decide on any payout of the insurance monies to Derek Goh. For the Year 2016, the Company contributed a total of S\$525,070 to the two insurance plans.

Guideline 8.2: Long term incentive scheme

The Company has in place a Serial System Employee Share Option Scheme 2014 ("2014 Scheme"), duly approved by shareholders at the EGM held on 26 April 2014. The 2014 Scheme replaces the previous 2004 scheme which expired on 29 January 2014.

The 2014 Scheme will continue to provide the opportunity presented by the previous 2004 Scheme for all employees who have contributed significantly to the growth and performance of the Group. In particular, it enables the Company to motivate employees to optimize their performance standards and efficiency and to maintain a high level of contribution to the Group and helps to develop a participatory style of management which promotes greater commitment and dedication amongst the employees, thereby instilling loyalty and a stronger sense of identification with the success and long term well-being of the Group. It also makes total employee remuneration sufficiently competitive to recruit and retain key executives whose contributions are important to the long-term well-being and growth of the Group.

For the year under review, no share options has been granted to executive directors and key management personnel under the 2014 Scheme.

Guideline 8.3: Remuneration of non-executive directors

The Board concurred with the RC that the proposed directors' fees for the year ended 31 December 2016 is appropriate and that the non-executive directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised.

The Board recommends to shareholders for approval at AGM the fees payable to directors.

The Company also extends its 2014 Scheme as mentioned in guideline 8.2 above, to non-executive directors in recognition of their contributions. The provision of share options to the non-executive directors will ensure that the Company will be able to continue to attract onto its Board, directors who will be able to assist in furthering the business interests of the Group. This will help enhance the growth and long-term profitability of the Company.

For the year under review, no share options has been granted to non-executive directors under the 2014 Scheme.

8. Level and mix of remuneration (continued)

Principle 8: Level and mix of remuneration (continued)

Guideline 8.4: Contractual provisions to reclaim incentive components of remuneration

Having reviewed and considered the variable components of the executive directors and key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years.

In addition, the executive directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedy against the executive directors in the event of such breach of fiduciary duties.

9. Disclosure on remuneration

Principle 9: Disclosure on remuneration

Guideline 9.1 & 9.2: Remuneration report and remuneration of directors

Details of the remuneration paid / payable to the directors for Year 2016 are as follows:

Executive Director	Directors' Fees ⁽¹⁾ (%)	Salary ⁽²⁾ and AWS ⁽³⁾ (%)	Incentive Bonus (%)	Other Benefits (%)	Total Remuneration (S\$)
Derek Goh Bak Heng	2.1	35.2	35.1	27.6 ⁽⁴⁾	2,028,461 ⁽⁴⁾
Non-Executive & Independent Directors					
Tan Lye Heng Paul	100.0	-	-	-	45,000
Ravindran s/o Ramasamy	100.0	-	-	-	45,000
Lee Teck Leng Robson ⁽⁵⁾	100.0	-	-	-	45,000
Non-Executive Director					
Goi Kok Neng Ben	100.0	-	-	-	42,000

⁽¹⁾ Accrued for Year 2016

⁽²⁾ Includes employer's CPF contribution

⁽³⁾ Annual wage supplement of one-month salary

⁽⁴⁾ Includes a deferred compensation of S\$525,070 as detailed in Guideline 8.1 above

⁽⁵⁾ Lee Teck Leng Robson resigned as a director on 31 December 2016

Note: The remuneration disclosed in this report does not include share option expense. No share options were granted to directors in Year 2016.

Guideline 9.3: Remuneration of top 5 key management personnel

The Board is aware that the Code requires the remuneration of at least the top five executives (who are not directors) to be disclosed. However, the Board, after careful deliberation, believes that such information is best kept confidential as disclosing the same would be prejudicial to its business given the highly competitive business environment. There are other expected disadvantages such as potential staff motivational and retention issues that such detailed disclosures may bring. The annual aggregate remuneration paid to the top five executives (who are not directors) for Year 2016 is S\$2,688,332 and the remuneration bands for Year 2016 are presented as follows:

Remuneration Bands	Number of Executives ⁽¹⁾
S\$500,000 to S\$749,999	3 ⁽²⁾
S\$250,000 to S\$499,999	2

⁽¹⁾ Includes executives of overseas subsidiaries

⁽²⁾ Includes remuneration payable to Sean Goh Su Teng, who is the cousin of Derek Goh Bak Heng, the Executive Chairman and Group CEO of the Company

9. Disclosure on remuneration (continued)

Principle 9: Disclosure on remuneration (continued)

Guideline 9.4: Employee related to directors/ CEO

Saved as disclosed in guideline 9.3 above, no employee of the Company was an immediate family member of a Director or the CEO and whose remuneration exceeded S\$50,000 during the year under review.

Guideline 9.5: Employee share scheme

For the year under review, the Company did not grant any share options under the 2014 Scheme.

Guideline 9.6: Disclosure of information on link between remuneration payable and performance

Please refer to guideline 8.1 above.

10. Accountability and audit

Principle 10: Presentation of a balanced and understandable assessment of the Company's performance, position and prospects

Guideline 10.1: Accountability for accurate information

The Board reviews and approves the results as well as any announcements before its release. Shareholders are provided with quarterly and annual financial reports. Results for the first three quarters are released to shareholders no later than 45 days from the end of the quarter. Annual results are released within 60 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's operations, performance, financial position and prospects. The Board embraces openness and transparency in the conduct of the Group's affairs whilst preserving the commercial interests of the Group.

The Management provides the Board on a quarterly basis, financial reports and other information on the Group's operations, performance, financial position and prospects for their effective monitoring and decision making.

Guideline 10.2: Compliance with legislative and regulatory requirements

The Board review legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

For the year under review, the Group CEO and the Group CFO have provided assurance to the Board on the integrity of the financial statements for the Company and its subsidiaries.

Guideline 10.3: Management accounts

The Management updates the Board on the Group's business activities and financial performance and highlights key business indicators and major issues that are relevant to the Group's performance, on a timely basis in order for the Board to make balanced and informed assessments of the Company's performance, financial position and prospects.

11. Risk Management and Internal Controls

Principle 11: Risk management and internal controls

Guideline 11.1: Risk management and internal control systems

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets. However, the Board is of the view that any internal control system is designed to manage rather than totally eliminate the risk of failure to achieve business objectives. A cost effective internal control system can only provide reasonable and not total assurance against material misstatement or loss.

The AC, together with the assistance of in-house internal auditors oversee and ensure that such system has been appropriately implemented and monitored.

11. Risk Management and Internal Controls (continued)

Principle 11: Risk management and internal controls (continued)

Guideline 11.2: Adequacy and effectiveness of risk management and internal control systems

The Group has documented a framework on its risk profile which summarizes the material risks faced by the Group and the counter-measures in place to manage or mitigate those risks which has been reviewed by the AC and the Board. The documentation provides an overview of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanism in place. It allows the Group to address the changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process on an ongoing basis. The Group's approach to risk management is set out under "Risk management" in the "Additional Requirements of Singapore Exchange Securities Trading Limited's Listing Manual" section on page 155 of this Annual Report.

On an annual basis, the internal auditors prepare the internal audit plan taking into consideration the risks identified which is approved by the AC. During the year under review, the AC reviewed the reports submitted by the internal auditors relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems that are put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant departments for their follow-up actions. Major control weaknesses on financial reporting identified in the course of the statutory audit, if any, are also highlighted by external auditors to the AC.

Guideline 11.3: Board's comments on adequacy and effectiveness of internal controls

The Board has received assurance from the Group CEO and the Group CFO that the Group's risk management and internal control systems in place is adequate and effective in addressing the key financial, operational and compliance risks of the Group in its current business environment and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as reviews performed by external and internal auditors, the Board, with the concurrence of AC, is of the view that the internal control systems of the Group were adequate as at 31 December 2016 to address the financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

Guideline 11.4: Risk committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of in-house internal auditors. Having considered the Company's business operations as well as its existing risk management systems and internal controls, the Board is of the view that a separate risk committee is not required for the time being.

12. Audit Committee

Principle 12: Establishment of audit committee with written terms of reference

Guideline 12.1: AC membership

Tan Lye Heng Paul chairs the AC. The other members of the AC are Ravindran s/o Ramasamy and Ng Cher Yan. Currently, all three members of the AC are independent directors.

The AC has its terms of reference. Specifically, it:

- reviews with the Group's external auditors, their audit plan, evaluation of the internal accounting controls, audit report, and any matters which the external auditors wish to discuss
- reviews the Group's financial reports to shareholders and the general public to ensure that they comply with the Companies Act, SGX-ST's Listing Rules, and other regulatory requirements
- reviews with the internal auditors, the scope and results of internal audit procedures and their evaluation of the internal control system
- reviews assistance given by the Company's officers to the external and internal auditors
- reviews interested person transactions
- reviews the adequacy of the Group's whistle-blowing policy and ensure independent investigation and adequate resolution
- evaluates the objectivity and independence of the external auditors annually and nominates external auditors for appointment or re-appointment

Guideline 12.2: Expertise of AC members

The AC members bring with them professional expertise and experience in the accounting, financial management and legal domains. The Board is satisfied that the AC members are appropriately qualified to discharge their responsibilities.

12. Audit Committee (continued)

Principle 12: Establishment of audit committee with written terms of reference (continued)

Guideline 12.3 & 12.4: Roles, responsibilities and authority of AC

The AC has the explicit authority to investigate any matter within its terms of reference. During the year under review, the AC has full access to and cooperation by the Management. It also has the discretion to invite any director or member of the Management to its meetings as well as reasonable resources to enable it to discharge its functions properly.

The AC has reviewed the financial statements with the Management and external auditors and is of the view that the Group's financial statements for Year 2016 are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects.

A member of the AC holds office until the next AGM following his appointment and may, subject to the prior approval of the Board, be re-appointed to such office.

Where, by virtue of any vacancy in the membership of the AC for any reason, the number of members of the AC is reduced to less than three (or such other number as may be determined by SGX-ST), the Board shall, within three months thereafter, appoint such number of new members to the AC. Any new member appointed shall hold office for the remainder of the term of office of the member of the AC in whose place he or she is appointed.

The AC held five meetings in Year 2016 and the attendance by the members is tabulated in Table 2 – "Attendance at Board and Board Committee Meetings" above.

Guideline 12.5: External and internal auditors

The AC meets regularly with the Group's external auditors and internal auditors. At least once a year, the AC would meet with the Group's external auditors and internal auditors without the presence of the Management to ensure that there are no unresolved areas of concern.

Guideline 12.6: Independence of external auditors

The AC confirms that it has undertaken a review of all non-audit services provided by the external auditors and is satisfied that such services would not, in the AC's opinion, affect the independence of the external auditors. The AC has recommended to the Board that the independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, be nominated for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

The auditors of the Company's subsidiaries and associated companies are disclosed in Note 19 and Note 18 to the financial statements in this annual report. The Company confirms that Listing Rule 712 and Rule 715 of the SGX-ST's Listing Manual are complied with.

Guideline 12.7: Whistle-blowing policy

As a further enhancement to internal risk control processes, the Company has in place a whistle-blowing policy. Under this whistle-blowing policy, staff can report or raise concerns over any "wrongdoings" across the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment to the chairman of the AC, with the "whistleblower" who has acted in good faith, being provided confidentiality, victimisation and harassment protection. "Wrongdoings" can include fraud, corruption, theft, abuse of authority, breach of regulations or non-compliance with the Group's internal controls and procedures.

On an ongoing basis, the whistle-blowing policy is covered during staff training and periodic communication including e-mail sent quarterly to all staff as part of the Group's efforts to promote awareness of fraud prevention.

Guideline 12.8: AC to keep abreast of changes to accounting standards

In addition to the activities undertaken to fulfill its responsibility, the AC is kept abreast by the Management, external auditors and internal auditors on changes to accounting standards, SGX-ST's listing rules and other codes and regulations which could have an impact on the Group's business and financial statements.

Guideline 12.9: Cooling-off period for partners or directors of the Company's auditing firm

No former partner or director of the Company's existing auditing firm or audit's corporation is a member of the AC.

13. Internal Audit

Principle 13: Internal audit

Guideline 13.1 & 13.2: Internal auditors

The Board is responsible for maintaining a system of internal controls to safeguard shareholders' investments and the Group's assets with the AC tasked to oversee the implementation of an effective system of internal controls to address the key financial, operational and compliance risks affecting the operations of the Group.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The Group hires in-house internal auditors who report directly to the chairman of the AC, for the year under review. The internal auditors have unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

Guideline 13.3 & 13.4: Internal audit function

The Company's internal audit function is independent of the activities it audits. The internal audit manager is a member of the Institute of Internal Auditors Singapore with relevant qualifications and experience.

At the beginning of each year, an annual internal audit plan which entails the review of selected functions or business units of the Group is developed and agreed by the AC. The AC is satisfied that the Company's internal audit function is adequately sourced to perform the work for the Group.

Guideline 13.5: Adequacy and effectiveness of internal audit function

On an annual basis, the Group prepares its internal audit plan taking into consideration the risks identified which is approved by the AC. The internal audits are conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems that are put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement are reported to the AC. A copy of the report is also issued to the relevant departments for their follow-up actions. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

Based on the internal controls established and reviews performed by the Management, works performed by the internal and external auditors, the AC and the Board are of the opinion that the Group's internal controls were adequate as at 31 December 2016 to address the financial, operational and compliance risks, which the Group considers relevant and material to its operations.

14. Shareholder rights and responsibilities

Principle 14: Shareholders rights

Guideline 14.1: Sufficient information to shareholders

It is the Board's policy that all shareholders should be treated equally and timely informed of material developments. The Group does not practise selective disclosure.

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

Guideline 14.2: Providing opportunity for shareholders to participate and vote at general meetings

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders at least fourteen days before the scheduled dates of such meetings in accordance to the nature of the business to be transacted. These notices are also published in the Business Times and posted on the SGXNET and the Company's website. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

All shareholders are entitled to vote in accordance with the established voting rules and procedures.

Guideline 14.3: Proxies for nominee companies

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Company's Constitution allows each shareholder to appoint up to two proxies to attend its general meetings.

In addition, pursuant to Section 181(1C) of the Companies Act, a shareholder who is a custodial institution or relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than two proxies, the number and class of shares to be represented by each proxy must be stated

15. Communication with shareholders

Principle 15: Communication with shareholders

Guideline 15.1 & 15.2: Communication with shareholders and timely information to shareholders

In line with the continuous disclosure obligations under the listing rules of the SGX-ST, the Companies Act and the Singapore Financial Reporting Standards, the Board informs shareholders promptly of all major developments that may have material impact on the Group. Material information including quarterly and full-year results are released through SGXNET and the Company's website.

Management also holds briefings with analysts to coincide with the release of the Group's quarterly and full-year results, and related presentation slides and press releases are also made available on SGXNET and the Company's website.

All shareholders receive the Company's annual report and notice of general meetings which, amongst others, contain information required to be disclosed by the SGX-ST, the Singapore Financial Reporting Standards, and the Companies Act.

Shareholders can assess information on the Group through the Company's website at www.serialsystem.com which provides the Company's corporate announcements, press releases and profiles.

Guideline 15.3 & 15.4: Regular dialogue with shareholders & soliciting and understanding views of shareholders

The Board recognises that the general meetings are the most feasible medium for communicating with shareholders. Time will be allocated for greater shareholders' participation at general meetings as well as to provide shareholders the opportunity to communicate their views on matters affecting the Group. The chairmen of the AC, NC, and RC are normally available at these meetings to address questions.

Guideline 15.5: Dividend policy

The Company does not have a concrete dividend policy at present. The form, frequency and amount of dividends payable each year will take into consideration the Company's actual profitability and ability to pay dividends in the relevant financial year, the operating cash flow requirements, financing commitments, anticipated capital expenditure, any future expansion and investment plans of the Company and its subsidiaries, and such factors that the Board may, in its sole and absolute discretion, deem necessary or appropriate.

16. Conduct of Shareholder Meetings

Principle 16: Conduct of shareholder meetings

Guideline 16.1: Effective shareholders participation

Shareholders currently are allowed to vote in person or in absentia. Equal effect is given to votes whether cast in person or in absentia. If shareholders are unable to attend the meetings, the Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder.

Guideline 16.2: Separate resolution at general meetings

To ensure that shareholders can have better exercise of their right to approve or deny each issue or motion, separate issues are not combined and presented as one single motion for voting by the shareholders. At shareholders' meetings, there are separate resolutions on each distinct issue.

Guideline 16.3: Attendees at general meetings

The Chairman of the Board and its committees attend all general meetings to address issues raised by shareholders. The Company's external auditors and its legal advisers are also invited to attend the meetings and are available to assist the directors in addressing any relevant queries from shareholders.

Guideline 16.4: Minutes of general meetings

The minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board are available to shareholders upon written request.

16. Conduct of Shareholder Meetings (continued)

Principle 16: Conduct of shareholder meetings (continued)

Guideline 16.5: Voting by poll at general meetings

To promote greater transparency in general meetings and support listed companies in enhancing their shareholders engagement, the resolutions of the Company transacted at general meetings are carried out and voted by poll where shareholders are accorded rights proportionate to the shareholding and all votes are counted in accordance with the provisions of the Company's Constitution. The information on the total number of votes cast for or against each resolution are incorporated into the announcement released on SGXNET and the Company's website after the general meeting.

Other corporate governance matters

Dealing in securities

In compliance with Listing Rule 1207 (19) of the SGX-ST's Listing Manual, the Group has advised its directors and officers not to deal in the Company's shares during the period commencing two weeks before announcement of the Company's quarterly results and one month before announcement of the Company's full-year results, and ending on the date of such announcements. Directors and officers are also reminded not to trade in listed securities of the Group at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Group's securities on short-term considerations.

Interested person transactions

The Company has adopted an internal policy in respect of any transactions with interested persons and established procedures for periodic review and approval of these transactions by the AC.

The aggregate value of all interested person transactions ("IPTs") during the financial year ended 31 December 2016 is as follows:

Name of Interested Person	Aggregate value of all IPTs during Year 2016 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) US\$'000	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all IPTs during Year 2016 conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000) US\$'000
Derek Goh Bak Heng	806	Mainly arising from acquisition of a property in Penang, Malaysia amounting to US\$797,000	Not applicable

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of SGX-ST. Disclosure of "related party transactions" is set out on pages 148 to 149 of this Annual Report.

Compliance with The Code of Corporate Governance

The Board is satisfied that for the financial year ended 31 December 2016, the Group has complied with the spirit of the principal corporate governance recommendations set out in The Code of Corporate Governance 2012.

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

The directors present their statement to the members together with the audited financial statements of Serial System Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 52 to 154 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Derek Goh Bak Heng
Tan Lye Heng Paul
Ravindran s/o Ramasamy
Ng Cher Yan (appointed on 28 March 2017)
Goi Kok Neng Ben

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" in this statement.

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, the interests of the directors holding office at the end of the financial year in the issued share capital of the Company and related corporations were as follows:

	Holdings registered in name of director or nominees		
	At 21.1.2017	At 31.12.2016	At 1.1.2016
The Company			
(Number of ordinary shares)			
Derek Goh Bak Heng	355,090,070	355,090,070	355,090,070
Tan Lye Heng Paul	240,000	240,000	240,000

- (b) None of the directors holding office at the end of the financial year had share options to subscribe for ordinary shares of the Company granted pursuant to the Serial System Employee Share Option Scheme 2014.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Directors' interests in shares or debentures (continued)

- (c) Derek Goh Bak Heng, who by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the whole of the issued share capital of the Company's wholly owned subsidiaries and in the following partially owned subsidiaries of the Group:

	Holdings in which a director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016
Agricola Pte. Ltd. (Number of ordinary shares)	40,000	40,000
Serial Microelectronics (HK) Limited (Number of ordinary shares of HK\$1 each)	54,600,000	27,300,000
Serial Microelectronics Inc. (Number of ordinary shares of NT\$10 each)	5,348,250	5,348,250
Serial Microelectronics Korea Limited Number of common stocks of KRW 5,000 each)	20,000 ⁽¹⁾	19,640
Serial AMSC Microelectronics Co., Ltd (Number of ordinary shares of JPY 50,000 each)	4,200	4,200
Serial Microelectronics (Shenzhen) Co., Ltd (Capital contribution in HK\$)	64,885,417	64,885,417
Serial Design Limited (Number of ordinary shares of HK\$1 each)	9,100	9,100
PT. Serial Microelectronics Indonesia (Number of ordinary shares of US\$1 each)	99,000	99,000
TeamPal Enterprise Corp. (Number of ordinary shares of NT\$10 each)	2,865,000	2,865,000
New Chinese Corporation (Number of ordinary shares of US\$1 each)	287,455	287,455
Bridge Electronics (Shenzhen) Co., Ltd (Capital contribution in US\$)	286,500	286,500
Nippon Denka Serial Pte. Ltd. (Number of ordinary shares)	60,000	60,000
Serial GIS Pte. Ltd. (Number of ordinary shares)	350,000	350,000

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Directors' interests in shares or debentures (continued)

(c) (continued)

	Holdings in which a director is deemed to have an interest	
	At 31.12.2016	At 1.1.2016
Serial Automotive Limited (Number of ordinary shares of HK\$1 each)	5,460	5,460
Serial Vision Limited (Number of ordinary shares of HK\$1 each)	5,005	5,005
Serial Automotive (Shanghai) Co., Ltd (Capital contribution in RMB)	546,000	546,000
Hydra & Thermal Pte. Ltd. (Number of ordinary shares)	2,147,499	2,147,499
PT. Achieva Technology Indonesia (Number of ordinary shares of US\$1 each)	200,000	200,000
Serial Factoring (Thailand) Co., Ltd (Number of ordinary shares of THB100 each)	534,100	4,900
Serial Netcom Co., Ltd (Number of ordinary shares of US\$1 each)	42,000	–
Hydra & Thermal International (Cambodia) Co., Ltd. (Number of ordinary shares of US\$1 each)	700	–
Serial Microelectronics (Beijing) Co., Ltd (Capital contribution in RMB) ⁽²⁾	–	–
Newstone Technology Limited (Number of ordinary shares of US\$1 each) ⁽²⁾	–	–

Note:

⁽¹⁾ Wholly owned subsidiary as at 31 December 2016

⁽²⁾ Capital has not been contributed as at 31 December 2016

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Share options

(a) Serial System Employee Share Option Scheme 2014 (the "2014 Scheme")

The 2014 Scheme was approved by the shareholders at the Extraordinary General Meeting of the Company held on 26 April 2014. It replaced the previous Serial System Executives Share Option Scheme (the "2004 Scheme"), which expired on 29 January 2014. Any share options granted and accepted under the 2004 Scheme have been fully exercised upon expiry of the 2004 Scheme on 29 January 2014.

Under the 2014 Scheme, share options are granted to the following persons at the absolute discretion of the 2014 Scheme's Committee (the "Committee"):

- (i) confirmed full-time employees of the Company and its subsidiaries who have attained the age of 21 years on or before the date of grant of the share options;
- (ii) executive directors of the Company;
- (iii) non-executive directors of the Company; and
- (iv) employees who qualify under (i) above and are seconded to an associated company or a company outside the Group in which the Company and/or Group has an equity interest, and who, in the absolute discretion of the Committee is selected to participate in the 2014 Scheme.

For the purpose of paragraph (iv) above, the secondment of an employee to another company shall not be regarded as a break in his employment or his having ceased employment as a full-time employee of the Group by reason only of such secondment.

For non-incentive share options, the exercise price of the granted share options is to be determined by the Committee, in its absolute discretion, at a price equal to the average of the last dealt prices of the Company on the Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive trading days ("Market Price") immediately prior to the date of offer of the share options.

For incentive share options, share options are granted at a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price; and the shareholders of the Company in a general meeting have authorised, in a separate resolution, the making of offers and grants of such share options under the 2014 Scheme at a discount not exceeding the maximum discount as aforesaid.

The share options are vested one month after the date of offer of the share options. Once the share options are vested, they are exercisable for a term of 10 years, and for non-executive directors of the Company, for a term of 5 years, or such other terms determined by the Committee or prescribed under any relevant law, regulation or rule of the SGX-ST from time to time.

There is no restriction to the eligibility of any persons to whom the share options have been granted, to participate in other share option or share incentive schemes implemented by the Company, subsidiaries or associated companies.

Particulars of the share options granted in the preceding financial years under the previous schemes were set out in the Directors' Statements for the respective financial years.

There were no share options granted pursuant to the 2014 Scheme during the financial year ended 31 December 2016 and 31 December 2015.

(b) Outstanding share options

There are no share options outstanding at the end of the financial year ended 31 December 2016.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Share options (continued)

(c) Other information required by SGX-ST

Pursuant to clause 852(1) of the Listing Manual of the SGX-ST, in addition to information disclosed elsewhere in this statement, the directors report that:

- (i) the members of the Committee administering the 2014 Scheme are Ravindran s/o Ramasamy (Chairman), Tan Lye Heng Paul, Ng Cher Yan and Derek Goh Bak Heng.
- (ii) there were no outstanding share options granted to and exercised by directors of the Company during the financial year.
- (iii) no share options have been granted to controlling shareholders of the Company or their associates, directors and employees of the parent company (as defined in the Listing Manual of the SGX-ST) and its subsidiaries and no employee has received 5% or more of the total number of share options available under the 2014 Scheme during the financial year.
- (iv) no other director or employee of the Company and its subsidiaries (as defined in the Listing Manual of the SGX-ST) has received 5% or more of the total number of share options available to all directors and employees of the Company and its subsidiaries under the 2014 Scheme during the financial year.
- (v) no share options were granted at a discount during the financial year.

Audit Committee

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

Tan Lye Heng Paul (Chairman)
Ravindran s/o Ramasamy

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Chapter 50 (the "Act"). In performing those functions, the Committee:

- reviews with the Group's external auditors, their audit plan, evaluation of the internal accounting controls, audit report, and any matters which the external auditors wish to discuss;
- reviews the Group's financial reports to shareholders and the general public to ensure that they comply with the Act, SGX-ST's Listing Rules, and other regulatory requirements;
- reviews with the internal auditors, the scope and results of internal audit procedures and their evaluation of the internal control system;
- reviews assistance given by the Company's officers to the external and internal auditors;
- reviews interested person transactions;
- reviews the adequacy of the Group's whistle-blowing policy and ensure independent investigation and adequate resolution; and
- evaluates the objectivity and independence of the external auditors annually and nominates external auditors for appointment or re-appointment.

The Audit Committee has full access to and cooperation of the Management. It also has full discretion to invite any director or member of the Management to its meetings as well as reasonable resources to enable it to discharge its functions properly.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Audit Committee (continued)

The Audit Committee is satisfied with the independence and objectivity of the external auditors. The Board of Directors with the nomination of the Audit Committee has recommended that the independent auditors, Moore Stephens LLP, be nominated for reappointment as external auditors at the forthcoming Annual General Meeting of the Company.

The Audit Committee confirms that it has undertaken a review of all non-audit services provided by the external auditors and is satisfied that such services (if any) would not, in the Audit Committee's opinion, affect the independence of the external auditors.

The Board, with the concurrence of the Audit Committee, is of the view that the system of internal controls were adequate as at the end of the financial year to address financial, operational and compliance risks, which the Group considers relevant and material to its operations.

Independent auditors

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

On behalf of the Board of Directors

DEREK GOH BAK HENG
Director

TAN LYE HENG PAUL
Director

28 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SERIAL SYSTEM LTD

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Serial System Ltd (the "Company") and its subsidiaries (the "Group"), as set out on pages 52 to 154, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill

We refer to Note 2.14, Note 4(a)(i) and 22(a) to the financial statements.

The carrying amount of the Group's goodwill amounted to US\$14,129,000 as at 31 December 2016.

The Group tested goodwill for impairment at the end of the reporting period. The recoverable amounts of the allocated cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions which involve judgements. Changes to the estimates and assumptions will result in changes in the carrying amount of goodwill recognised at the end of the reporting period.

Based on the impairment test performed by management, the Group recorded an impairment loss amounting to US\$1,100,000 for the current financial year.

Our response:

We reviewed the value-in-use calculations of each cash-generating unit prepared by the management. We conducted a detailed discussion with the Group's key management and considered their views on the key estimates and assumptions used in determining the recoverable amounts. We compared the future cash forecast to actual past performance and industry benchmarks and challenged the key estimates and assumptions used by management, which included gross margin, growth rate and discount rate. Based on our understanding of the nature of the Group's businesses and the economic environment in which it operates, we have performed our own sensitivity analyses based on the range of plausible changes to the acceptable key estimates and assumptions used and analysed the impact to the headroom when breakeven or independently derived rates were applied.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERIAL SYSTEM LTD

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Valuation of goodwill (continued)

Our findings:

We found the estimates and assumptions used by management in the value-in-use calculations to determine the recoverable amounts of the goodwill allocated to each cash-generating units to be reasonable based on available audit evidence.

Tax recoverable relating to Transfer Pricing audit between the Group's subsidiary in the People's Republic of China ("China") and Hong Kong

We refer to Note 2.5, 4(b)(ii), Note 9 and Note 12 to the financial statements.

During the financial year, as part of the Transfer Pricing audit carried out by the People's Republic of China ("China") tax authority for transactions between the Group's subsidiary in China and Hong Kong, the Group paid additional income tax of RMB18,313,000 (US\$2,731,000) and interest of RMB4,374,000 (US\$652,000) to the China tax authority. As the Transfer Pricing audit was carried out in China, a unilateral adjustment in China could create a double taxation on the same profits in Hong Kong. In this respect, an independent tax consultant has been engaged to assist the Group's Hong Kong subsidiary to apply for corresponding adjustment to eliminate double taxation, based on current tax rules and regulations in China and Hong Kong. Significant judgement is required to determine the amount of tax recoverable that can be recognised to the extent that it is more likely than not that Hong Kong's tax authority will accept the application for the tax refund in principle and amount. Management has applied their judgement and recognised a tax recoverable amount of HK\$13,000,000 (US\$1,667,000) as at 31 December 2016.

Our response:

We discussed with the component auditors on their work performed. We evaluated the advice obtained by the Group's key management from the independent tax consultant to support the judgement taken by management in recognising the tax recoverable amount, including a detailed discussion with the Group's key management and independent tax consultant to consider their views in reaching the conclusion.

Our findings:

We found the tax recoverable recognised to be appropriate and reasonable based on available audit evidence.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and FRSs, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SERIAL SYSTEM LTD

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SERIAL SYSTEM LTD

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Neo Keng Jin.

Moore Stephens LLP

Public Accountants and Chartered Accountants

Singapore
28 March 2017

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

	Note	2016 US\$'000	2015 US\$'000
Sales	5	1,402,583	1,221,562
Cost of sales	6	(1,305,190)	(1,130,076)
Gross profit		97,393	91,486
Other income	5	13,802	8,388
Expenses:			
Distribution	6	(50,428)	(45,854)
Administrative	6	(12,191)	(12,010)
Finance	8	(8,289)	(6,734)
Other	6	(24,054)	(18,559)
Total expenses		(94,962)	(83,157)
		16,233	16,717
Share of result of associated companies (net of income tax)		(3,949)	(1,572)
Profit before income tax	6	12,284	15,145
Income tax expense	9	(6,937)	(3,841)
Profit for the year		5,347	11,304
Profit attributable to:			
Equity holders of the Company		4,558	11,035
Non-controlling interests	33	789	269
		5,347	11,304
Earnings per share attributable to equity holders of the Company:			
Basic	10	0.51 cent	1.23 cents
Diluted	10	0.51 cent	1.23 cents

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

	Note	2016 US\$'000	2015 US\$'000
Profit for the year		5,347	11,304
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit plans' actuarial gains/(losses)	27	300	(190)
Share of an associated company's other comprehensive income	30	–	261
		300	71
Items that may be reclassified subsequently to profit or loss:			
Net gain/(loss) on fair value changes on financial assets, available-for-sale	17	8,897	(1,353)
Fair value changes on sale of financial assets, available-for-sale reclassified to profit or loss	30	(3,874)	–
Share of associated companies' other comprehensive loss	31	(1,552)	(376)
Currency translation differences	31	10	(5,073)
		3,481	(6,802)
Other comprehensive income/(loss) for the year, net of tax		3,781	(6,731)
Total comprehensive income for the year		9,128	4,573
Total comprehensive income attributable to:			
Equity holders of the Company		8,696	3,972
Non-controlling interests	33	432	601
		9,128	4,573

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

	Note	The Group		The Company	
		2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	65,153	64,048	859	1,745
Trade and other receivables	12	207,750	179,357	12,393	10,385
Inventories	13	152,901	135,743	-	-
Financial assets, at fair value through profit or loss	14	812	1,331	-	-
Other current assets	15	3,944	2,106	245	50
		430,560	382,585	13,497	12,180
Non-current assets					
Financial assets, at fair value through profit or loss	14	-	13	-	-
Loans and receivables	16	820	1,000	45,241	42,570
Financial assets, available-for-sale	17	7,517	2,654	-	-
Investments in associated companies	18	16,738	18,729	4,872	6,792
Investments in subsidiaries	19	-	-	65,547	64,926
Property, plant and equipment	20	35,200	34,853	305	393
Investment properties	21	5,267	7,320	-	-
Intangible assets	22	14,721	15,894	465	544
Other assets	23	1,068	1,411	-	-
Deferred income tax assets	28	711	662	-	-
		82,042	82,536	116,430	115,225
Total assets		512,602	465,121	129,927	127,405
LIABILITIES					
Current liabilities					
Trade and other payables	24	178,507	139,467	9,128	5,832
Current income tax liabilities	9	4,070	3,236	405	498
Borrowings	25	189,393	181,438	2,216	2,262
		371,970	324,141	11,749	8,592
Non-current liabilities					
Other payable	24	-	-	6,078	4,481
Borrowings	25	15,032	20,584	8,310	10,743
Defined benefit plans liabilities	27	542	814	-	-
Deferred income tax liabilities	28	271	198	-	-
		15,845	21,596	14,388	15,224
Total liabilities		387,815	345,737	26,137	23,816
NET ASSETS		124,787	119,384	103,790	103,589
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	29	72,648	72,648	72,648	72,648
Treasury shares	29	(736)	(736)	(736)	(736)
Capital reserve	30	1,276	1,276	180	180
Defined benefit plans reserve	30	(257)	(557)	-	-
Fair value reserve	30	3,670	(1,353)	-	-
Revaluation reserve	30	59	59	-	-
Other reserve	30	(771)	(718)	-	-
Currency translation reserve	31	(2,683)	(1,498)	17,589	17,589
Retained earnings	32	46,719	46,680	14,109	13,908
		119,925	115,801	103,790	103,589
Non-controlling interests	33	4,862	3,583	-	-
TOTAL EQUITY		124,787	119,384	103,790	103,589

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

For the financial year ended 31 December 2016

		Attributable to equity holders of the Company										Total	
Note	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Defined benefit plans reserve US\$'000	Fair value reserve US\$'000	Revaluation reserve US\$'000	Other reserve US\$'000	Currency translation reserve US\$'000	Retained earnings US\$'000	Total attributable to equity holders of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000	
Balance at 1 January 2016	72,648	(736)	1,276	(557)	(1,353)	59	(718)	(1,498)	46,680	115,801	3,583	119,384	
Profit for the year	-	-	-	-	-	-	-	-	4,558	4,558	789	5,347	
Other comprehensive income/(loss):													
Defined benefit plans' actuarial gains	-	-	-	300	-	-	-	-	-	300	-	300	
Share of associated companies' other comprehensive loss	-	-	-	-	-	-	-	(1,552)	-	(1,552)	-	(1,552)	
Net gain on fair value changes on financial assets, available-for-sale	-	-	-	-	8,897	-	-	-	-	8,897	-	8,897	
Fair value changes on sale of financial assets, available-for-sale reclassified to profit or loss	-	-	-	-	(3,874)	-	-	-	-	(3,874)	-	(3,874)	
Currency translation differences	-	-	-	-	-	-	-	367	-	367	(357)	10	
Other comprehensive income/(loss) for the year, net of tax	-	-	-	300	5,023	-	-	(1,185)	-	4,138	(357)	3,781	
Total comprehensive income/(loss) for the year	-	-	-	300	5,023	-	-	(1,185)	4,558	8,696	432	9,128	
Contributions by and distributions to owners:													
One-tier tax-exempt final cash dividend for year 2015	34	-	-	-	-	-	-	-	(3,336)	(3,336)	-	(3,336)	
One-tier tax-exempt interim cash dividend for year 2016	34	-	-	-	-	-	-	-	(1,183)	(1,183)	-	(1,183)	
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(4,519)	(4,519)	-	(4,519)	
Others:													
Investment in subsidiaries by non-controlling interests	33	-	-	-	-	-	-	-	-	-	1,094	1,094	
Acquisition of additional interests in a subsidiary from non-controlling interest	33	-	-	-	-	-	(53)	-	-	(53)	(247)	(300)	
Total others	-	-	-	-	-	-	(53)	-	-	(53)	847	794	
Balance at 31 December 2016	72,648	(736)	1,276	(257)	3,670	59	(771)	(2,683)	46,719	119,925	4,862	124,787	

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

For the financial year ended 31 December 2016

		Attributable to equity holders of the Company										Total	
Note	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Defined benefit plans reserve US\$'000	Fair value reserve US\$'000	Revaluation reserve US\$'000	Other reserve US\$'000	Currency translation reserve US\$'000	Retained earnings US\$'000	Attributable to equity holders of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000	
	72,648	(736)	1,015	(367)	-	59	(715)	4,283	42,847	119,034	3,200	122,234	
Profit for the year	-	-	-	-	-	-	-	-	11,035	11,035	269	11,304	
Other comprehensive income/(loss):													
Defined benefit plans' actuarial losses	-	-	-	(190)	-	-	-	-	-	(190)	-	(190)	
Share of associated companies' other comprehensive income/(loss)	-	-	261	-	-	-	-	(376)	-	(115)	-	(115)	
Net loss on fair value changes on financial assets, available-for-sale	-	-	-	-	(1,353)	-	-	-	-	(1,353)	-	(1,353)	
Currency translation differences	-	-	-	-	-	-	-	(5,405)	-	(5,405)	332	(5,073)	
Other comprehensive income/(loss) for the year, net of tax	-	-	261	(190)	(1,353)	-	-	(5,781)	-	(7,063)	332	(6,731)	
Total comprehensive income/(loss) for the year	-	-	261	(190)	(1,353)	-	-	(5,781)	11,035	3,972	601	4,573	
Contributions by and distributions to owners:													
One-tier tax-exempt final cash dividend for year 2014	34	-	-	-	-	-	-	-	(4,981)	(4,981)	-	(4,981)	
One-tier tax-exempt interim cash dividend for year 2015	34	-	-	-	-	-	-	-	(2,221)	(2,221)	-	(2,221)	
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(7,202)	(7,202)	-	(7,202)	
Others:													
Investment in subsidiaries by non-controlling interests	33	-	-	-	-	-	-	-	-	-	238	238	
Acquisition of additional interests in a subsidiary from non-controlling interests	33	-	-	-	-	-	(3)	-	-	(3)	(16)	(19)	
Dividends paid to non-controlling interest	33	-	-	-	-	-	-	-	-	-	(440)	(440)	
Total others	-	-	-	-	-	-	(3)	-	-	(3)	(218)	(221)	
Balance at 31 December 2015	72,648	(736)	1,276	(557)	(1,353)	59	(718)	(1,498)	46,680	115,801	3,583	119,384	

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

	Note	2016 US\$'000	2015 US\$'000
Cash flows from operating activities			
Profit before income tax		12,284	15,145
Adjustments for:			
Amortisation of computer software license costs		311	334
Amortisation of distribution rights		6	1,116
Depreciation of property, plant and equipment		3,491	2,565
Property, plant and equipment written off		21	198
Gain on disposal of property, plant and equipment		(21)	(21)
Fair value gain on investment properties		(228)	(205)
Impairment losses on goodwill arising from acquisition of subsidiaries		1,100	720
Negative goodwill arising from acquisition of subsidiaries		(345)	-
Loss on re-measuring previously held equity in an associated company		449	-
Gain on dilution of interests in an associated company		-	(50)
Gain on sale of financial assets, available-for-sale		(3,874)	-
Gain on disposal of business in a subsidiary		-	(2,520)
Impairment loss on financial assets, available-for-sale		25	24
Fair value loss/(gain) on derivative financial instruments		167	(671)
Gain on sale of financial assets, at fair value through profit or loss		-	(80)
Fair value loss/(gain) on financial assets, at fair value through profit or loss (net)		533	(72)
Provision for defined benefit plans liabilities		472	397
Dividend income from financial assets, available-for-sale		(153)	(147)
Interest income		(1,166)	(371)
Interest expense		8,289	6,734
Share of results of associated companies		3,949	1,572
Operating cash flow before working capital changes		25,310	24,668
Change in working capital			
Trade and other receivables		(17,416)	24,658
Inventories		(8,933)	(20,165)
Other current assets		(97)	2,865
Other assets (non-current)		343	39
Trade and other payables		29,341	8,535
Cash from operations		28,548	40,600
Income tax paid	9(b)	(8,081)	(4,145)
Net cash provided by operating activities		20,467	36,455

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

	Note	2016 US\$'000	2015 US\$'000
Cash flows from investing activities			
Payments for intangible assets (computer software license costs)		(185)	(278)
Payments for intangible assets (distribution rights)		(59)	-
Payments for property, plant and equipment		(2,382)	(1,710)
Proceeds from disposal of property, plant and equipment		96	21
Proceeds from refund of investment	23(a)	-	516
Proceeds from sale of financial assets, available-for-sale		3,997	-
Proceeds from sale of financial assets, at fair value through profit or loss		-	864
Proceeds from disposal of business in a subsidiary	19(e)	-	2,520
Net cash inflow on acquisition of subsidiaries	19(a)	2,236	115
Payments for acquisition of additional interests in associated companies	18	(4,996)	(127)
Payments for acquisition of interests in associated companies	18	(450)	(3,165)
Payment for deposit for additional investment in an associated company	15	(1,505)	-
Payments for financial assets, at fair value through profit or loss	14	-	(754)
Payments for financial assets, available-for-sale	17	-	(2,730)
Dividends received from associated companies		483	309
Dividends received from financial assets, available-for-sale		153	147
Interest received		1,072	441
Net cash used in investing activities		(1,540)	(3,831)
Cash flows from financing activities			
Subscription of interests in a subsidiary by non-controlling interests	33	40	-
Payment for acquisition of additional interests in subsidiaries from a non-controlling interest	19(b)	(300)	(19)
Dividends paid	34	(4,519)	(7,202)
Dividends paid to non-controlling interest	33	-	(440)
Proceeds from bank borrowings		797,765	704,696
Repayment of bank borrowings		(792,561)	(686,219)
Repayment of other borrowings		(9,520)	(29,943)
Repayment of finance lease liabilities		(21)	(54)
Interest paid		(8,013)	(6,295)
Net cash used in financing activities		(17,129)	(25,476)
Net increase in cash and cash equivalents held		1,798	7,148
Cash and cash equivalents at the beginning of the year		64,048	58,297
Effect of currency translation on cash and cash equivalents		(693)	(1,397)
Cash and cash equivalents at the end of the year	11	65,153	64,048

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

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

1. General information

Serial System Ltd (the "Company") is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is as follows:

8 Ubi View #05-01
Serial System Building
Singapore 408554

The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries are shown in Note 19.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Adoption of new and revised FRS

For the financial year ended 31 December 2016, the Group has adopted the following new and revised FRS which are relevant to the Group and mandatory for application:

Amendments to FRS 1 Disclosure Initiative

These amendments to FRS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. As this is a disclosure standard, the adoption of the standard did not have any impact on the financial performance or financial position of the Group.

Amendments to FRS 27 Equity Method in Separate Financial Statements

The amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with FRS 39), which currently exists and will continue to be available. The adoption of this standard did not have any impact on the financial performance or financial position of the Group.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 provide additional guidance to clarify whether an entity has continuing involvement in a transferred financial asset as a result of a servicing contract for the purpose of the disclosures requirements. As this is a disclosure standard, the adoption of the standard did not have any impact on the financial performance or financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

2. Significant accounting policies (continued)

2.2 Group accounting

(a) Subsidiaries

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

Non-controlling interests are that part of the net results of operations and net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Acquisition of businesses

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

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

Under the revised FRS 103 Business Combinations, when the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. All subsequent changes in debt contingent consideration are recognised in the income statement, rather than the goodwill.

Acquisition related costs are expensed as incurred.

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

For the financial year ended 31 December 2016

2. Significant accounting policies (continued)

2.2 Group accounting (continued)

(c) Disposals of subsidiaries or businesses

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

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

(d) Transactions with non-controlling interests

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

(e) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any. Investments in associated companies in the consolidated statement of financial position includes goodwill (net of accumulated amortisation) identified on acquisition. Please refer to the paragraph "Intangible assets - Goodwill" [Note 2.13(a)] for the Group's accounting policy on goodwill arising from the acquisition of associated companies.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in the consolidated income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income directly. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with accounting policies adopted by the Group.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the equity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value and any proceeds from disposal is recognised in the income statement.

Gains or losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

2. Significant accounting policies (continued)

2.3 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in United States dollar (US\$), which is the Company’s functional and presentation currency. All values are rounded to the nearest thousand (US\$’000) except when otherwise indicated.

(b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are recognised at the rates of exchange prevailing at the dates of transactions. At the reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the consolidated income statement, unless they arise from borrowings in foreign currencies, and other currency instruments designated and qualified as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve in the consolidated financial statement and transferred to consolidated income statement as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value are determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Translation of Group entities’ financial statements

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

- (i) assets and liabilities are translated at the closing rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve within equity. These currency translation differences are reclassified to the consolidated income statement on disposal (i.e. a disposal involving loss of control) of the entity giving rise to such reserve. Any currency translation differences that have previously been attributed to non-controlling interests are de-recognised, but they are not reclassified to consolidated income statement.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in consolidated income statement. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

NOTES TO THE FINANCIAL STATEMENTS

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

For the financial year ended 31 December 2016

2. Significant accounting policies (continued)

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is presented, net of relevant taxes, sales returns and rebates, and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sale of goods

Revenue from sale of goods is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and the collectibility of the related receivables is reasonably assured.

(ii) Interest income

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

(iii) Other income

Income derived from commission and service income, warehouse management, rental income and advertising income are recognised when the services are rendered, and in accordance with the substance of the relevant agreements. Rental income and advertising income are recognised on a straight-line basis over the lease term.

(iv) Dividend income

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

2.5 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax liabilities are recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

2. Significant accounting policies (continued)

2.5 Income taxes (continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expenses in the consolidated income statement for the financial period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.6 Financial assets

(a) Classification

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

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

This category has two sub-categories: “financial assets held for trading”, and those designated at “fair value through profit or loss at inception”.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within twelve months after the reporting date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the reporting date which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables”, “deposits”, “cash and cash equivalents” and “loans and receivables” on the statement of financial position.

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within twelve months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

SERIAL SYSTEM LTD
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For the financial year ended 31 December 2016

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(b) Recognition and de-recognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in the consolidated income statement. Any amount in the fair value reserve relating to that asset is reclassified to the consolidated income statement.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings. In a non-recourse factoring arrangement where the Group has transferred substantially all the risks and rewards of ownership of the receivables, the Group derecognises the receivables in their entirety.

(c) Initial measurement

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

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

Interest and dividend income on financial assets, available-for-sale are recognised separately as income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the consolidated income statement and other changes are recognised in the fair value reserve within equity.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences within equity.

Financial assets, available-for-sale that do not have a quoted market active price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses subsequent to initial recognition. If the range of reasonable fair value measurements is significant and the probability of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the instrument at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(e) Impairment

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

(i) Loans and receivables

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

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

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

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.6(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to consolidated income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through consolidated income statement in subsequent period.

2.7 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions, which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.8 Financial liabilities

Financial liabilities include borrowings, trade payables, derivative financial instruments and other monetary liabilities. They are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

2. Significant accounting policies (continued)

2.8 Financial liabilities (continued)

All financial liabilities, except for financial liabilities, at fair value through profit or loss, are recognised initially at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised costs using the effective interest rate method. Gains and losses are recognised in consolidated income statement when the liabilities are derecognised, and through the amortisation process. For financial liabilities, at fair value through profit or loss, they are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in consolidated income statement.

A financial liability is de-recognised when the obligation under the liability is discharged, 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated income statement.

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Costs are determined using the weighted average basis.

The cost of finished goods comprises raw materials, direct labour and an appropriate proportion of production overhead expenditure. The net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries and associated companies, the difference between the net disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

2.11 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

2. Significant accounting policies (continued)

2.11 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and construction in-progress are not depreciated. Depreciation on items of property, plant and equipment is calculated using the straight-line method or reducing balance method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives (Years)</u>
Leasehold land and buildings	20 - 54.5
Freehold buildings	40
Renovations	3 - 5
Furniture and fittings	3 - 5
Office equipment	3 - 5
Other equipment	3 - 8
Motor vehicles	5 - 10
Computers	3 - 5

(c) Subsequent expenditure

Subsequent expenditure related to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the consolidated income statement during the financial year in which it is incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the consolidated income statement. Any amount in revaluation reserve relating to that item is transferred to retained profit directly.

2.12 Investment properties

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

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in the consolidated income statement.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to the consolidated income statement. The cost of maintenance, repairs and minor improvements is charged to the consolidated income statement when incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

2. Significant accounting policies (continued)

2.12 Investment properties (continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any gain arising on re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

2.13 Intangible assets

(a) Goodwill

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

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

Goodwill arising from the acquisition of subsidiaries is recognised separately as an intangible asset and carried at cost less accumulated impairment losses. Goodwill arising from the acquisition of associated companies is included in the carrying amount of the investments and assessed for impairment as part of the investments.

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

(b) Computer software

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributed cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Acquired computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the consolidated income statement using the straight-line method over their estimated useful lives of three to five years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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2. Significant accounting policies (continued)

2.13 Intangible assets (continued)

(c) Distribution rights

Acquired distribution rights are initially capitalised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the distribution rights over their estimated useful lives of four years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision of the amortisation period or amortisation method are included in the consolidated income statement for the financial year in which the changes arise.

2.14 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested annually for impairment, and whenever there is any indication that the goodwill may be impaired.

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

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

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

An impairment loss on goodwill is recognised in the consolidated income statement and is not reversed in a subsequent period.

(b) Intangible assets (other than goodwill)

Property, plant and equipment
Investments in subsidiaries and associated companies

Intangible assets (other than goodwill), property, plant and equipment and investments in subsidiaries and associated companies are reviewed for impairment whenever there is any indication or objective evidence that these assets may be impaired. The recoverable amount (i.e. the higher of the fair value less cost of disposal and the value-in-use) of the asset is estimated in order to determine the extent of impairment loss (if any), on an individual asset.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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2. Significant accounting policies (continued)

2.14 Impairment of non-financial assets (continued)

(b) Intangible assets (other than goodwill) (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the consolidated income statement, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

A reversal of an impairment loss for an asset is recognised in the consolidated income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to the consolidated income statement.

2.15 Borrowings

(a) Borrowings

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

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

(b) Borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Other borrowing costs are recognised on a time-proportion basis in the consolidated income statement using the effective interest method.

2.16 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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2. Significant accounting policies (continued)

2.17 Redemption liability

Redemption liability is recognised at the present value of the redemption amount and accreted through finance charges in consolidated income statement over the contract period up to the financial redemption amounts. Any adjustments to the redemption amount are recognised as finance charges in consolidated income statement. The initial redemption liability is recognised in consolidated statement of changes in equity. Upon cancellation or expiry of options, the redemption liability is adjusted against equity.

2.18 Derivatives that are disqualified or do not qualify for hedge accounting

The Group uses derivative financial instruments such as foreign exchange forward contracts to hedge its risks associated with foreign currency fluctuations arising from the long-term loan exposure of its foreign subsidiaries. These derivative financial instruments entered into by the Group, while providing economic hedges, are not used for trading purposes.

Derivative financial instruments are recognised initially at fair value on the date the contracts are entered into and are subsequently re-measured to fair value at each reporting date. The gain or loss on re-measurement to fair value of derivative financial instruments that are disqualified or do not qualify for hedging accounting is recognised immediately in the consolidated income statement. Derivative financial instruments are carried as financial derivative assets when the fair value is positive and as financial derivative liabilities when the fair value is negative.

2.19 Fair value estimation

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

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

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

The fair value of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

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

2.20 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

SERIAL SYSTEM LTD
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For the financial year ended 31 December 2016

2. Significant accounting policies (continued)

2.21 Financial guarantees

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

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to the consolidated income statement over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the banks for amounts higher than the unamortised amounts. In this case, the financial guarantees shall be carried at the expected amounts payable to the banks in the Company's statement of financial position.

Intra-group transactions with regards to the financial guarantees are eliminated on consolidation.

2.22 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, Mandatory Provident Fund in Hong Kong, Social Security Fund in China, Thailand and Indonesia, Labour Pension Fund in Taiwan, Employees Provident Fund in Malaysia and National Pension Fund in South Korea on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Defined benefit plans – post employment benefits

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Certain entities in the Group have legal obligations to operate severance benefit schemes. Under such schemes, employees and directors with at least one year of service are entitled to receive a lump sum payment upon termination of their employment, based on their length of service and rate of payment at the time of termination.

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the reporting date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Defined benefit costs comprise the following: (i) Service cost (ii) Net interest expense or income (iii) Re-measurement.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in consolidated income statement. Past service costs are recognised when plan amendment or curtailment occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

2. Significant accounting policies (continued)

2.22 Employee compensation (continued)

(b) Defined benefit plans – post employment benefits (continued)

Net interest expense or income is the change during the period in the net defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability. Net interest on the net defined benefit liability is recognised as expenses or income in the consolidated income statement.

Re-measurement comprising actual gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) is recognised immediately in other comprehensive income in the period in which it arises. Re-measurement is recognised in retained earnings within equity and is not reclassified to the consolidated income statement in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed for some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the consolidated income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under option that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the consolidated income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the share options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share option reserve is credited to share capital when new ordinary shares are issued.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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2. Significant accounting policies (continued)

2.23 Leases

(a) When the Group is the lessee:

The Group leases certain property, plant and equipment from third parties.

Finance leases

Leases of property, plant and equipment where the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

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

Each lease payment is apportioned between the finance charge and the reduction of the outstanding lease liability. The finance charge is recognised in the consolidated income statement and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the consolidated income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

Contingent rents are recognised as an expense in the consolidated income statement when incurred.

(b) When the Group is the lessor:

The Group leases out certain investment properties to third parties.

Operating leases

Assets leased out under operating leases are included in investment properties and property, plant and equipment.

Rental and advertising income from operating leases (net of any incentives given to the lessees) are recognised in the consolidated income statement on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in the consolidated income statement over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in the consolidated income statement when earned.

2.24 Offsetting financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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2. Significant accounting policies (continued)

2.25 Segment reporting

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

2.26 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or re-issued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of the earnings of the Company.

When treasury shares are subsequently sold or re-issued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 Dividends

Interim dividends are recorded in the financial year in which they are declared payable.

Final dividends are recorded in the financial year in which the dividends are approved by the shareholders for payment.

3. New and revised FRS issued but not yet adopted

At the date of authorisation of the financial statements, the Group has not adopted the following new or revised FRS that have been issued and which are relevant to the Group but will only be effective for the Group for the annual periods beginning as follows:

Description		Effective for annual periods beginning on or after
Amendments to FRS 7	Statement of Cash Flows	1 January 2017
Amendments to FRS 12	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Improvements to FRS 112	Disclosure of Interests in Other Entities	1 January 2017
Amendments to FRS 40	Investment Property	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
Improvements to FRS 28	Investments in Associates and Joint Ventures	1 January 2018
FRS 116	Leases	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 31 December 2016

3. New and revised FRS issued but not yet adopted (continued)

Amendments to FRS 7 Statement of Cash Flows

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

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

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. As this is a disclosure standard, it will not have any impact on the financial performance or financial position of the Group when implemented.

Amendments to FRS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the application to FRS 12 to unrealised losses on debt investments, and the assessment of future taxable profits against which deferred tax assets can be recognised. The adoption of this standard will not have any impact on the Group's financial performance or financial position and the Group will review the impact if any for future transactions.

Improvements to FRS 112 Disclosure of Interests in Other Entities

The amendment clarifies that the disclosure requirement of FRS 112, except for paragraphs B10 to B16, are applicable to interests classified as held for sale, held for distribution to owner, or discontinued operations. As this is a disclosure standard, it will not have any impact on the financial performance or financial position of the Group when implemented.

Amendments to FRS 40 Investment Property

The amendment clarifies that transfers to and from investment properties are made only when there is evidence of a change in use, and cannot be solely based on intention. The amendment re-characterises the list of evidence in paragraphs 57(a) – (d) as a non-exhaustive list of examples, thereby permitting transfers in other circumstances. The adoption of this standard will not have any impact on the Group's financial performance or financial position and the Group will review the impact if any for future transactions.

FRS 109 Financial Instruments

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

FRS 115 Revenue from Contracts with Customers

FRS 115 changes the revenue recognition model under FRS. The core principle of FRS 115 is to recognise the revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The Group is in the process of assessing the impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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3. New and revised FRS issued but not yet adopted (continued)

Improvements to FRS 28 Investments in Associates and Joint Ventures

The amendment clarifies that the following elections should be made separately for each investment in associate or joint venture:

- (a) Election by venture capital organisations, mutual funds, unit trusts and similar entities, to measure investments in associates and joint ventures at fair value through profit or loss at initial recognition; and
- (b) Election by investors that are not investment entities, when applying the equity method, to retain the fair value measurements applied by their investment entity associates and joint ventures to the subsidiaries of those associates and joint ventures.

The Group is in the process of assessing the impact on the financial statements.

FRS 116 Leases

FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than twelve months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees. The Group is in the process of assessing the impact on the financial statements.

4. Critical accounting estimates, assumptions and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Critical accounting estimates and assumptions

(i) Estimated impairment of goodwill arising from acquisition of subsidiaries

The Group tests goodwill for impairment annually in accordance with the accounting policy as disclosed in Note 2.14(a). The recoverable amounts of cash-generating units ("CGUs") have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions. Changes to these estimates and assumptions would result in changes in the carrying amount of goodwill arising from the acquisition of subsidiaries at the reporting date.

If the management's estimated pre-tax discount rate applied to the discounted cash flows for the CGU in Singapore (2015: South Korea) as at the reporting date is raised by 1.5% (2015: 1.5%), the impairment loss on goodwill would have been increased by approximately US\$845,000 (2015: US\$861,000).

As at the reporting date, the net carrying amount of goodwill arising from acquisition of subsidiaries amounted to US\$14,129,000 (2015: US\$15,229,000), net of accumulated impairment loss amounted to US\$6,548,000 (2015: US\$5,448,000).

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

(a) Critical accounting estimates and assumptions (continued)

(ii) Estimated useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 54.5 years. The carrying amount of the Group's property, plant and equipment as at the reporting date was US\$35,200,000 (2015: US\$34,853,000). The Group assesses annually the residual values and the useful lives of the property, plant and equipment and if expectations differ from the original estimates due to changes in the expected level of usage and/or technological developments, such differences will impact the depreciation charges in the period in which such estimates are changed.

If depreciation on property, plant and equipment increases/decreases by 10% from management's estimates, the Group's profit after tax will decrease/increase by approximately US\$292,000 (2015: US\$210,000).

(b) Critical judgements in applying the Group's accounting policies

(i) Allowances for impairment of receivables

An allowance for impairment is made for doubtful receivables for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses trade receivables, historical bad receivables, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for impairment of receivables. As at the reporting date, the receivables are measured at amortised cost and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the reporting date.

The Group has charged US\$1,599,000 (2015: US\$238,000) of impairment losses on trade and other receivables to the consolidated income statement during the financial year. The carrying amount of trade and other receivables as at the reporting date was US\$207,750,000 (2015: US\$179,357,000).

(ii) Tax recoverable

During the financial year, as part of the Transfer Pricing audit carried out by the People's Republic of China ("China") tax authority for transactions between the Group's subsidiary in China and Hong Kong, the Group paid additional income tax of RMB18,313,000 (US\$2,731,000) and interest of RMB4,374,000 (US\$652,000) to the China tax authority. As the Transfer Pricing audit was carried out in China, a unilateral adjustment in China could create a double taxation on the same profits in Hong Kong. In this respect, an independent tax consultant has been engaged to assist the Group's Hong Kong subsidiary to apply for corresponding adjustment to eliminate double taxation, based on current tax rules and regulations in China and Hong Kong. Significant judgement is required to determine the amount of tax recoverable that can be recognised to the extent that it is more likely than not that Hong Kong's tax authority will accept the application for the tax refund in principle and amount. As at the reporting date, the Group recognised a tax recoverable amount of HK\$13,000,000 (US\$1,667,000).

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

(b) Critical judgements in applying the Group's accounting policies (continued)

(iii) Write down of inventories

The Group writes down the cost of inventories whenever the net realisable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The Group made allowances for inventory obsolescence during the financial year amounting to US\$1,848,000 (2015: US\$1,182,000).

Inventory items identified to be obsolete and unusable are also written off and charged as an expense during the financial year. During the financial year, certain inventories which became obsolete and unusable totalling US\$569,000 (2015: US\$168,000) have been written off. The carrying amount of inventories as at the reporting date was US\$152,901,000 (2015: US\$135,743,000).

5. Revenue

	The Group	
	2016 US\$'000	2015 US\$'000
Sales of goods	1,402,583	1,221,562
Other income:		
Advertising and promotion income	1,701	2,637
Commission and service income	1,865	721
Rebate income from suppliers	1,233	868
Warehouse management and rental income	1,218	256
Write back of amount due to previous shareholder of a subsidiary	1,385	-
Gain on sale of financial assets, available-for-sale	3,874	-
Gain on sale of financial assets, at fair value through profit or loss	-	80
Fair value gain on financial assets, at fair value through profit or loss (net) (Note 14)	-	72
Gain on dilution of interests in an associated company	-	50
Gain on disposal of business in a subsidiary [Note 19(e)]	-	2,520
Negative goodwill arising from acquisition of subsidiaries [Note 19(a)(iii)(c)]	345	-
Gain on disposal of property, plant and equipment	21	21
Fair value gain on investment properties (Note 21)	228	205
Dividend income from financial assets, available-for-sale	153	147
Interest income:		
- project financing, factoring and leasing	908	72
- bank balances	216	266
- loan to an associated company	42	33
Sundry income	613	440
Total other income	13,802	8,388
	1,416,385	1,229,950

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6. Profit before income tax

	The Group	
	2016	2015
	US\$'000	US\$'000
This is arrived at after charging:		
Amortisation charges for intangible assets*		
- computer software license costs [Note 22(b)]	311	334
- distribution rights [Note 22(c)]	6	1,116
Depreciation of property, plant and equipment* (Note 20)	3,491	2,565
Property, plant and equipment written off*	21	198
Impairment losses on goodwill arising from acquisition of subsidiaries* [Note 22(a)]	1,100	720
Loss on re-measuring previously held equity in an associated company*	449	-
Impairment losses on trade receivables - third parties* [Note 36(b)]	1,472	238
Impairment losses on other receivables* [Note 36(b)]	127	-
Inventories:		
- cost of inventories recognised as an expense (included in 'cost of sales')	1,305,190	1,130,076
- allowances for inventory obsolescence* (Note 13)	1,848	1,182
- write-off of inventories*	569	168
Fair value loss/(gain) on derivative financial instruments*	167	(631)
Impairment loss on financial assets, available-for-sale* (Note 17)	25	24
Fair value loss on financial assets, at fair value through profit or loss (net)* (Note 14)	533	-
Foreign exchange loss (net)*	4,141	4,152
Employee benefits expense (Note 7)	39,986	34,436
Rental expense - operating leases	4,619	3,795
Freight and handling charges	7,338	6,168
Travelling and transportation expenses	3,314	3,489
Sales commission expense	2,320	1,637
Other expenses (included in distribution, administrative and other expenses)	14,836	16,832
Total cost of sales, distribution, administrative and other expenses	1,391,863	1,206,499

* Included in "other expenses"

7. Employee benefits expense

	The Group	
	2016	2015
	US\$'000	US\$'000
Wages, salaries and bonuses	36,436	31,341
Employer's contribution to defined contribution plans	2,564	2,545
Defined benefit plans (Note 27)	472	397
Other long term benefits	514	153
Total (Note 6)	39,986	34,436

Key management personnel compensation is disclosed in Note 38(c).

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8. Finance expense

	The Group	
	2016 US\$'000	2015 US\$'000
Interest expense:		
Bank borrowings	1,534	1,467
Trust receipts	4,851	3,754
Factoring	1,901	1,509
Bills payable	-	1
Finance lease liabilities	3	3
	8,289	6,734

9. Income taxes

(a) Income tax expense

	The Group	
	2016 US\$'000	2015 US\$'000
Tax expense attributable to profit is made up of:		
Current income tax – Singapore	1,100	1,406
Current income tax – Foreign	3,906	2,538
	5,006	3,944
Deferred income tax (Note 28)	(26)	49
	4,980	3,993
Under/(over) provision in preceding financial years		
Current income tax [Note 9(b)]	1,900	(152)
Deferred income tax (Note 28)	57	-
	6,937	3,841

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9. Income taxes (continued)

(a) Income tax expense (continued)

The tax expense on the profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2016	2015
	US\$'000	US\$'000
Profit before income tax	12,284	15,145
Tax calculated at applicable tax rates	2,018	2,786
Effects of:		
Income not subject to tax	(876)	(442)
Expenses not deductible for tax purposes	1,736	1,381
Utilisation of previously unrecognised deferred income tax assets	(819)	(614)
Deferred income tax assets not recognised	1,660	406
Tax effect on share of results of associated companies	671	267
Withholding tax - foreign	590	209
Under/(over) provision of current income tax in preceding financial years	1,900	(152)
Under provision of deferred income tax in preceding financial years	57	-
Tax expense	6,937	3,841

The income not subject to tax mainly relates to other operating income arising from the gain on sale of financial assets, available-for-sale, fair value gain on investment properties, gain on disposal of business in a subsidiary, hedging gain and exchange gain from revaluation of non-trade balances.

The expenses not deductible for tax purposes mainly relate to exchange loss arising from revaluation of non-trade balances, hedging losses, private car expenses, interest expenses relating to non-income producing assets, professional fees incurred on capital transactions and restriction on deduction for entertainment expenses incurred by the Group's South Korea and China subsidiaries.

The corporate income tax rates for the Group's subsidiaries, are calculated at the tax rates applicable in the country in which these subsidiaries are assessable for tax, based on existing legislation, interpretations and practices in respect thereof.

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9. Income taxes (continued)

(a) Income tax expense (continued)

The corporate income tax rates for the Group's subsidiaries which were subject to tax are as follows:

	2016	2015
Country of residence of the subsidiaries		
Singapore	17.0%	17.0%
China	25.0%	25.0%
Hong Kong	16.5%	16.5%
Malaysia	20.0%	20.0%
South Korea	22.0%	22.0%
Taiwan	17.0%	17.0%
Thailand	20.0%	20.0%

(b) Movement in current income tax liabilities

	The Group		The Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of financial year	3,236	3,344	498	186
Currency translation differences	340	(195)	-	-
Acquisition of a subsidiary [Note 19(a)(iii)(c) & Note 19(a)(vi)(c)]	2	482	-	-
Income tax paid	(8,081)	(4,145)	(241)	(343)
Income tax recoverable (Note 12)	1,667	-	-	-
Reclassification from deferred income tax assets (Note 28)	-	(42)	-	-
Tax expense on profit for the current financial year	5,006	3,944	408	655
Under/(over) provision in preceding financial years [Note 9(a)]	1,900	(152)	(260)	-
End of financial year	4,070	3,236	405	498

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10. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (excluding treasury shares) during the financial year as follows:

	The Group	
	2016	2015
Net profit attributable to equity holders of the Company (US\$'000)	4,558	11,035
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	895,842	895,842
Basic earnings per share (US\$)	0.51 cent	1.23 cents

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue are adjusted for the effects of all dilutive potential ordinary shares.

There are no potential dilutive shares during the financial year ended 31 December 2016 and 31 December 2015. Accordingly, the diluted earnings per share is computed to be the same as the basic earnings per share for financial year ended 31 December 2016 and 31 December 2015.

11. Cash and cash equivalents

	The Group		The Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at bank and on hand	60,898	63,230	858	1,744
Short-term bank deposits	4,255	818	1	1
	65,153	64,048	859	1,745

- (a) As at the reporting date, the cash and cash equivalents denominated in Chinese Renminbi amounted to approximately US\$5,404,000 (2015: US\$9,508,000). The Chinese Renminbi is not freely convertible into other currencies. However under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Chinese Renminbi for other currencies through banks authorised to conduct foreign exchange business.
- (b) As at the reporting date, short-term bank deposits matured on varying dates within one week to twelve months (2015: three to twelve months) from the end of the financial year with the following weighted average effective interest rates:

	The Group		The Company	
	2016	2015	2016	2015
Singapore Dollar	0.99%	1.00%	0.10%	0.10%
New Taiwan Dollar	0.63%	0.93%	-	-
United States Dollar	0.45%	0.80%	-	-
Thailand Baht	1.65%	-	-	-
Australian Dollar	2.40%	-	-	-

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12. Trade and other receivables

	The Group		The Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Trade receivables:				
Third parties	201,845	173,445	-	-
Subsidiaries	-	-	10,028	4,895
Associated companies	1	933	10	38
	201,846	174,378	10,038	4,933
Less: Allowance for impairment [Note 36(b)]	(4,837)	(2,287)	-	-
Trade receivables (net)	197,009	172,091	10,038	4,933
Other receivables: Third parties	8,565	7,397	72	-
Tax recoverable [Note 9(b)]	1,667	-	-	-
Less: Allowance for impairment [Note 36(b)]	(379)	(252)	-	-
	9,853	7,145	72	-
Due from subsidiaries [Note 12(a)]	-	-	2,231	5,447
Due from associated companies [Note 12(b)]	888	121	52	5
Other receivables (net)	10,741	7,266	2,355	5,452
Total	207,750	179,357	12,393	10,385

- (a) As at the reporting date, the amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and are repayable in cash, on demand, except for an amount of US\$1,702,000 (2015: US\$4,435,000) which bears interest at 4.20% (2015: 3.75%) per annum.
- (b) The amounts due from associated companies are non-trade in nature, unsecured, interest-free and are repayable in cash, on demand.
- (c) The Group entered into trade receivables factoring arrangements and transferred certain trade receivables to certain banks. Under these arrangements, the Group is not exposed to default risks of the trade receivables after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. As at the reporting date, total trade receivables that were transferred as a result of the factoring arrangements amounted to US\$66,417,000 (2015: US\$61,738,000).

13. Inventories

	The Group	
	2016 US\$'000	2015 US\$'000
Finished goods	152,094	134,860
Work in progress	18	19
Raw materials	789	864
	152,901	135,743

During the financial year, the Group made allowances for inventory obsolescence amounting to US\$1,848,000 (2015: US\$1,182,000) (Note 6).

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14. Financial assets, at fair value through profit or loss

	The Group	
	2016 US\$'000	2015 US\$'000
Classified as:		
Current	812	1,331
Non-current	-	13
	812	1,344
Comprised:		
<i>Listed equity securities</i>		
Singapore	57	101
Taiwan	-	13
	57	114
<i>Convertible notes</i>		
Singapore	755	755
United States	-	475
	755	1,230
Total	812	1,344
Designated as:		
Held for trading	57	114
At fair value on initial recognition	755	1,230
	812	1,344

Movements in financial assets, at fair value through profit or loss are as follows:

	The Group	
	2016 US\$'000	2015 US\$'000
Beginning of financial year	1,344	1,272
Additions	-	754
Disposals	-	(784)
Fair value (loss)/gain (net) (Note 5 and Note 6)	(533)	72
Currency translation differences	1	30
End of financial year	812	1,344

As at the reporting date, the Group has an unsecured convertible note with a principal amount of US\$500,000 issued by a third party entity incorporated in the United States of America. The note bears interest at the rate of 3.3% per annum payable on a quarterly basis. During the financial year, the Group recognised a fair value loss amounting to US\$475,000 (2015: Nil) in respect of the convertible note.

As at the reporting date, the Group also has an unsecured convertible note with a principal amount of US\$755,000 (2015: US\$755,000) issued by a third party entity incorporated in Singapore. The note bears interest at the rate of 7% per annum payable annually. During the financial year, the Group has called for redemption of the convertible note.

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15. Other current assets

	The Group		The Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Deposits [Note 15(b)]	2,200	520	8	16
Prepayments	1,744	1,586	237	34
	3,944	2,106	245	50

(a) Prepayments are denominated in the following currencies:

	The Group		The Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore Dollar	274	332	135	27
United States Dollar	277	178	95	-
Hong Kong Dollar	70	78	-	-
New Taiwan Dollar	132	194	-	-
Korean Won	179	172	-	-
Chinese Renminbi	437	350	7	7
Indonesian Rupiah	297	33	-	-
Others	78	249	-	-
	1,744	1,586	237	34

(b) As at the reporting date, the deposits include an amount of S\$2,173,000 (US\$1,505,000) (2015: Nil) for the additional investment in an associated company [Note 40(b)].

(c) The currency exposure for deposits are disclosed in Note 36(a)(i) to the financial statements under "other financial assets".

16. Loans and receivables

	The Group		The Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Loan to an associated company	820	1,000	-	-
Loans to subsidiaries	-	-	45,241	42,570
	820	1,000	45,241	42,570

The loans to subsidiaries and an associated company are interest bearing, unsecured and repayable between two and five years (2015: two and five years), except for an amount of US\$2,940,000 (2015: Nil) due from a subsidiary which is non-interest bearing.

As at the reporting date, the weighted average effective interest rate of the interest bearing loans to subsidiaries and associated company based on prevailing market interest rates is 3.79% (2015: 4.01%) and 3.84% (2015: 3.45%) per annum respectively.

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17. Financial assets, available-for-sale

	The Group	
	2016 US\$'000	2015 US\$'000
Listed equity securities		
Singapore	1,294	1,372
South Korea	5,268	-
	6,562	1,372
Unlisted equity securities		
Singapore	661	661
China	197	204
Taiwan	97	117
South Korea	-	300
	955	1,282
Total	7,517	2,654

Movements in financial assets, available-for-sale are as follows:

	The Group	
	2016 US\$'000	2015 US\$'000
Beginning of financial year	2,654	1,324
Additions	-	2,730
Fair value gain/(loss) recognised in other comprehensive income	8,897	(1,353)
Disposals	(3,997)	-
Impairment loss (Note 6)	(25)	(24)
Currency translation differences	(12)	(23)
End of financial year	7,517	2,654

As at the reporting date, the fair value of the unlisted equity investments cannot be measured reliably because the range of possible fair value estimates is wide and the probabilities of the various estimates within the range cannot be reasonably assessed. These financial assets, available-for-sale if not impaired, are stated at cost.

18. Investments in associated companies

	The Group		The Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Quoted equity shares, at cost	7,487	7,487	4,872	6,792
Unquoted equity shares, at cost	15,474	14,000	-	-
	22,961	21,487	4,872	6,792
Share of post acquisition results and reserves	(5,931)	(2,126)	-	-
Currency translation differences	(292)	(632)	-	-
	16,738	18,729	4,872	6,792
Market value of quoted equity shares	1,882	6,243	1,702	5,645

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18. Investments in associated companies (continued)

(a) The details of the associated companies held directly by the Group and the Company are as follows:

Name of associated companies	Principal activities	Country of incorporation and place of business	Percentage of effective equity interest held by the Group	
			2016 %	2015 %
Held by the Group and Company				
(1) Bull Will Co., Ltd	Manufacturing and sale of electronic components with focus on passive components	Taiwan	29.0	29.0
Held by the Group				
(2) Globaltronics International Pte. Ltd.	Trading of electronic and electrical components	Singapore	45.0	45.0
(3) SPL Holdings (Australia) Pty Ltd	Investment holding and provision of laundry services in the hospitality industry	Australia	27.3	20.0
(4) Achieva Technology Pte. Ltd.	Distribution and marketing of information technology, computer peripherals, parts, software and related products	Singapore	–	49.0
(5) Tong Chiang Group Pte. Ltd.	Manufacture of food products and provision of food catering business	Singapore	21.0	21.0
(5) Edith-United International Pte Ltd	Investment holding and rental of investment properties	Singapore	21.0	21.0
(5) Eunice Food Catering Pte. Ltd.	Investment holding and rental of investment properties	Singapore	21.0	21.0
(5) Imperial Kitchen Catering Pte. Ltd.	Investment holding and rental of investment properties	Singapore	21.0	21.0
(6) Unitrontech China Co. Ltd	Distribution of electronic and electrical components	Hong Kong	41.0	--

(1) Audited by Tiaoho & Co, Taipei, a member firm of Moore Stephens International Limited.

(2) Audited by Moore Stephens LLP, Singapore.

(3) Reviewed by Moore Stephens Victoria, Australia, a member firm of Moore Stephens International Limited for consolidation purposes for the financial year ended 31 December 2016. The entity is not considered a significant associated company pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited

(4) Audited by other firm of auditors, Ernst & Young LLP, Singapore for the financial year ended 31 December 2015.

(5) Reviewed by Moore Stephens LLP, Singapore for consolidation purposes. These entities are not considered significant associated companies pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited.

(6) Audited by Moore Stephens, Hong Kong.

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18. Investments in associated companies (continued)

- (b) On 27 January 2016, the Company's wholly owned subsidiary, SCE Enterprise Pte. Ltd. acquired the remaining 51% equity interests in Achieva Technology Pte Ltd, from an existing shareholder for a total consideration of S\$2,387,000 (US\$1,680,000). Achieva Technology Pte Ltd and its wholly owned subsidiaries, Achieva Technology Sdn. Bhd., incorporated in Malaysia and Achieva Technology Australia Pty Ltd, incorporated in Australia (collectively referred to as "Achieva Technology group") became the wholly owned subsidiaries of the Group upon completion of the acquisition [Note 19(a)].
- (c) On 21 March 2016, the Company's wholly owned subsidiary, SCE Enterprise Pte. Ltd. increased its investment in an associated company, SPL Holdings (Australia) Pty Ltd ("SPL Holdings"), a company principally engaged in providing laundry services in the hospitality industry in Australia, from 20.0% to 27.3% pursuant to a rights issue undertaken by SPL Holdings to finance SPL Holdings' expansion and acquisition. SCE Enterprise Pte Ltd had subscribed fully its entitlement of 1,665,684 shares and an additional 3,559,446 shares of SPL Holdings not taken up by other existing shareholders at the subscription price of AUD1.26 (US\$0.96) per share totalling about AUD6,584,000 (US\$4,996,000).
- (d) On 28 October 2016, the Group's 91% owned subsidiary, Serial Microelectronics (HK) Limited acquired an equity interest of 45% in a newly incorporated company in Hong Kong, Unitrontech China Co. Ltd for a total cash consideration of US\$450,000.
- (e) On 28 August 2015, the Company's wholly owned subsidiary, Serial System International Pte. Ltd. acquired an equity interest of 21% each in Tong Chiang Group Pte. Ltd., Edith-United International Pte Ltd, Eunice Food Catering Pte. Ltd. and Imperial Kitchen Catering Pte. Ltd. for a total cash consideration of S\$4,468,000 (US\$3,165,000).
- (f) During the financial year ended 31 December 2015, the Group's effective equity interest in Bull Will Co., Ltd ("Bull Will"), an entity listed in the Over-The Counter Securities Exchange in Taiwan, decreased from 31.5% to 29.0% due to the conversion of convertible bonds into 6,919,433 shares of Bull Will by bondholders and the exercise of 464,500 share options by employees of Bull Will. The decrease was offset by the acquisition of 538,000 Bull Will shares by the Company and the Group in the open market for NT\$4,039,000 (US\$127,000). The Group recognised a gain on dilution of interests of US\$50,000 in the consolidated income statement during the financial year ended 31 December 2015 (Note 5).
- (g) The Group has not recognised losses relating to Globaltronics International Pte. Ltd. where its share of losses exceeds the Group's interest in this associated company. The Group's cumulative share of unrecognised losses of Globaltronics International Pte. Ltd. as at the reporting date was US\$248,000 (2015: US\$197,000), after the share of the current year's loss of US\$51,000 (2015: US\$89,000). The Group has no obligation in respect of these unrecognised losses.
- (h) There are no contingent liabilities relating to the Group's interests in the associated companies.

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SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

18. Investments in associated companies (continued)

- (i) Summarised financial information in respect of the Group's material associated company is set out below.

The summarised financial information below represents amounts shown in the associated company's financial statements prepared in accordance with FRSs adjusted by the Group for equity accounting purposes.

Bull Will Co., Ltd ("Bull Will")

	2016 US\$'000	2015 US\$'000
Current assets	14,496	32,044
Non-current assets	4,041	5,163
Current liabilities	6,662	16,531
Non-current liabilities	5,218	267
Revenue	16,032	36,264
Loss from continuing operations	(13,625)	(4,395)
Total comprehensive loss	(13,501)	(4,417)
Dividends received from associated company	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bull Will recognised in the consolidated financial statements:

	2016 US\$'000	2015 US\$'000
Net assets of Bull Will	6,657	20,409
Proportion of the Group's ownership in Bull Will	29.0%	29.0%
Carrying amount of the Group's interest in Bull Will	1,931	5,919

- (j) The following table summarises, in aggregate, the carrying amount, share of loss and other comprehensive loss of the remaining associated companies that are not individually material and accounted for using the equity method:

	The Group	
	2016 US\$'000	2015 US\$'000
The Group's share of:		
Profit/(loss) from continuing operations	2	(297)
Other comprehensive loss	(1,588)	(109)
Total comprehensive loss	(1,586)	(406)
Aggregate carrying amount of the Group's interests in these associated companies	14,807	12,810

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19. Investments in subsidiaries

	The Company	
	2016 US\$'000	2015 US\$'000
Equity investments at cost		
Beginning of financial year	66,502	55,134
Additions	-	10,561
Accounting for financial guarantee contracts	621	807
End of financial year	67,123	66,502
Accumulated impairment losses:		
Beginning and end of financial year	(1,576)	(1,576)
Net investment	65,547	64,926

(a) Business combinations

- (i) On 27 January 2016, the Company's wholly owned subsidiary, SCE Enterprise Pte. Ltd. acquired the remaining 51% equity interests in Achieva Technology Pte Ltd ("Achieva"), for a total cash consideration of S\$2,387,000 (US\$1,680,000). Achieva Technology Pte Ltd and its wholly owned subsidiaries, Achieva Technology Sdn. Bhd., incorporated in Malaysia and Achieva Technology Australia Pty Ltd, incorporated in Australia (collectively referred to as "Achieva Technology group") became the wholly owned subsidiaries of the Group upon completion of the acquisition.
- (ii) On 22 July 2016, the Group's 70% owned subsidiary, Hydra & Thermal Pte. Ltd. acquired a 100% equity interest in Hydra & Thermal International (Cambodia) Co., Ltd ("Hydra Cambodia"), for a total cash consideration of US\$1. The Group acquired Hydra Cambodia to tap on its Cambodia market and also allows an avenue for Hydra Cambodia to leverage on the Group's extensive expertise in distribution and extensive product lines and customer base. Hydra Cambodia became a 70% own subsidiary of the Group upon completion of the acquisition.
- (iii) As the acquisitions in Note 19(a)(i) and (ii) above represent business acquisitions, they have been accounted for in accordance with FRS 103 Business Combinations.

Details of the consideration paid, the assets acquired and liabilities assumed, and the effect on the cash flow of the Group, at the acquisition date, are as follows:

2016	Hydra Cambodia		
	Achieva US\$'000	Hydra Cambodia US\$'000	Total US\$'000
(a) Purchase consideration			
Cash paid/payable	1,680	-	1,680
Contingent consideration	-	-	-
Consideration transferred for the business	1,680	-	1,680
(b) Effect on cash flow of the Group			
Cash paid/payable (as above)	1,680	-	1,680
Less: Cash and cash equivalents acquired	(3,913)	(3)	(3,916)
Cash inflow on acquisition	(2,233)	(3)	(2,236)

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SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

19. Investments in subsidiaries (continued)

(a) Business combinations (continued)

(iii) 2016 (continued)

	Achieva	Hydra Cambodia	Total
	US\$'000	US\$'000	US\$'000
(c) Identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	3,913	3	3,916
Inventories	7,343	614	7,957
Trade and other receivables	8,161	164	8,325
Other current assets	65	77	142
Plant and equipment (Note 20)	98	261	359
Intangible assets [Note 22(b)]	5	-	5
Total assets	19,585	1,119	20,704
Trade and other payables	(7,780)	(945)	(8,725)
Borrowings	(7,833)	(2)	(7,835)
Current income tax liabilities [Note 9(b)]	(2)	-	(2)
Total liabilities	(15,615)	(947)	(16,562)
Total identifiable net assets	3,970	172	4,142
Less: Transfer from previously held equity in an associated company [Note 18]	(1,945)	-	(1,945)
Less: Non-controlling interest (Note 33)	-	(172)	(172)
Less: Negative goodwill recognised (Note 5)	(345)	-	(345)
Consideration transferred for the business	1,680	-	1,680

(d) Acquisition related costs

There were no significant acquisition related costs incurred by the Group for the acquisition of these subsidiaries.

(e) Acquired receivables

The trade and other receivables acquired in this transaction with a fair value of US\$8,325,000 had a gross contractual amount of US\$9,449,000. At the acquisition date, US\$1,124,000 of the contractual cash flows pertaining to the trade receivables are not expected to be collected [Note 36(b)].

(f) Goodwill

The negative goodwill of US\$345,000 arising from the acquisition is computed as excess of the fair value of the net identifiable assets of the subsidiary acquired over the sum of the consideration transferred and the acquisition date fair value of previous held equity interest in the acquiree. The difference is recognised directly in the profit and loss as a bargain purchase.

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SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

19. Investments in subsidiaries (continued)

(a) Business combinations (continued)

(iii) 2016 (continued)

(g) Revenue and profit contribution

- (i) The consolidated income statement for the financial year ended 31 December 2016 included results from the acquired subsidiaries. Achieva contributed revenue and net loss of US\$44,071,000 and US\$3,537,000 respectively and Hydra Cambodia contributed revenue and net loss of US\$174,000 and US\$611,000 respectively.
- (ii) Had these business acquisitions been effected at 1 January 2016, the consolidated revenue and net profit for the financial year ended 31 December 2016 would have been US\$1,406,311,000 and US\$5,341,000 respectively.
- (iv) On 31 March 2015, the Company's wholly owned subsidiary, SCE Enterprise Pte. Ltd. acquired an equity interest of 70% in Hydra & Thermal Pte. Ltd. ("Hydra"), for a total cash consideration of S\$809,000 (US\$589,000). The Group acquired Hydra to expand the Group's product lines, ranges and customer base for the consumer products distribution business.
- (v) On 4 May 2015, the Company acquired an equity interest of 100% in Swift-Value Business Pte. Ltd. ("Swift-Value") to expand the Group's product lines, ranges and customer base for the consumer products distribution business.

The total purchase consideration payable for the acquisition of Swift-Value comprised:

- (a) a cash consideration of S\$10,000,000 (US\$7,571,000);
- (b) an amount of S\$3,013,000 (US\$2,281,000) equivalent to the adjusted net tangible assets of Swift-Value as at 30 April 2015; and
- (c) 20% share of net profit after tax for the financial year ended 31 December 2015 and financial year ending 31 December 2016 and 31 December 2017 respectively, unless the net profit after tax in each of the aforementioned financial year is zero or a negative figure.

The fair value of the contingent consideration as at the acquisition date was S\$882,000 (US\$672,000) and approximates the fair value at the reporting date (Note 24). The determination of the fair value is based on the share of forecasted net profits of the subsidiary.

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SERIAL SYSTEM LTD
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19. Investments in subsidiaries (continued)

(a) Business combinations (continued)

- (vi) As the acquisitions in Note 19(a)(iv) and (v) above represent business acquisitions, they have been accounted for in accordance with FRS 103 Business Combinations.

Details of the consideration paid, the assets acquired and liabilities assumed, and the effect on the cash flow of the Group, at the acquisition date, were as follows:

2015	Hydra US\$'000	Swift-Value US\$'000	Total US\$'000
(a) Purchase consideration			
Cash paid/payable	589	9,852	10,441
Contingent consideration [Note 37(b)]	–	672	672
Consideration transferred for the business	589	10,524	11,113
(b) Effect on cash flow of the Group			
Cash paid/payable (as above)	589	9,852	10,441
Less: Cash and cash equivalents acquired	(58)	(10,498)	(10,556)
Cash outflow/(inflow) on acquisition	531	(646)	(115)
(c) Identifiable assets acquired and liabilities assumed			
Cash and cash equivalents	58	10,498	10,556
Inventories	260	18,687	18,947
Trade and other receivables	782	22,643	23,425
Other current assets	13	64	77
Plant and equipment (Note 20)	15	130	145
Intangible assets [Note 22(b)]	–	33	33
Total assets	1,128	52,055	53,183
Trade and other payables	(337)	(11,057)	(11,394)
Borrowings	–	(38,235)	(38,235)
Current income tax liabilities [Note 9(b)]	–	(482)	(482)
Total liabilities	(337)	(49,774)	(50,111)
Total identifiable net assets	791	2,281	3,072
Less: Non-controlling interest [Note 19(a)(vi)(f) and Note 33]	(238)	–	(238)
Add: Goodwill [Note 19(a)(iii)(g) and Note 22(a)]	36	8,243	8,279
Consideration transferred for the business	589	10,524	11,113

(d) Acquisition related costs

There were no significant acquisition related costs incurred by the Group for the acquisition of these subsidiaries.

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SERIAL SYSTEM LTD
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19. Investments in subsidiaries (continued)

(a) Business combinations (continued)

(vi) 2015 (continued)

(e) Acquired receivables

The trade and other receivables acquired in these transactions with a fair value of US\$23,425,000 had a gross contractual amount of US\$23,425,000. At the acquisition date, trade and other receivables are expected to be collectible.

(f) Non-controlling interest

The Group had chosen to recognise the 30% non-controlling interest at the non-controlling interest's proportionate share of Hydra's net identifiable assets.

(g) Goodwill

The total goodwill of US\$8,279,000 arising from the acquisitions is attributable to the entire distribution businesses acquired from Swift-Value and Hydra, including their supplier and customer contracts. The potential value and synergies to be generated from these transferred assets could not be separately recognised from goodwill as they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts. As such, the goodwill does not meet the criteria for recognition as an intangible asset presented under FRS 38 Intangible Assets and consequently is classified as goodwill acquired in a business combination under FRS 103 Business Combinations.

The goodwill arising from the acquisition was not expected to be deductible for tax purposes.

(h) Revenue and profit contribution

The consolidated income statement for the financial year ended 31 December 2015 includes results from the acquired subsidiaries. The contributions from these acquired subsidiaries were as follows:

(i) Hydra contributed revenue and net loss of US\$743,000 and US\$29,000 respectively; and Swift-Value contributed revenue and net profit of US\$92,863,000 and US\$583,000 respectively.

(ii) Had these business acquisitions been effected at 1 January 2015, the consolidated revenue and net profit for the financial year ended 31 December 2015 would have been US\$1,265,956,000 and US\$12,676,000 respectively.

(b) Additional interests in subsidiaries

(i) On 7 October 2016, the Company's wholly owned subsidiary, Serial Microelectronics Pte Ltd acquired an additional 1.8% equity interest in Serial Microelectronics Korea Limited via the purchase of an additional 360 ordinary shares of Serial Microelectronics Korea Limited at US\$300,000 from an existing shareholder and director. As a result, Serial Microelectronics Korea Limited became a wholly owned subsidiary of the Group upon the completion of the acquisition. The Group recognised a decrease in other reserve and non-controlling interests of US\$53,000 and US\$247,000 respectively.

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For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

19. Investments in subsidiaries (continued)

(b) Additional interests in subsidiaries (continued)

- (ii) On 13 February 2015, the Company's wholly owned subsidiary, Serial Microelectronics Pte Ltd acquired an additional 5% equity interest in Serial GIS Pte. Ltd. via the purchase of an additional 25,000 ordinary shares of Serial GIS Pte. Ltd. at S\$25,000 (US\$19,000) from an existing shareholder. The Group's effective equity interest in Serial GIS Pte. Ltd. increased from 65% to 70% upon the completion of the acquisition. The Group recognised a decrease in other reserve and non-controlling interests of US\$3,000 and US\$16,000 respectively in the financial year ended 31 December 2015.

(c) Additional investments in subsidiaries

- (i) On 15 April 2016, the Group's 91% owned subsidiary, Serial Microelectronics (HK) Limited increased its issued and paid up share capital from HK\$30,000,000 (US\$3,846,154) to HK\$60,000,000 (US\$7,692,308), pursuant to the issuance of 30,000,000 new ordinary shares to its existing shareholders via the capitalisation of its retained earnings amounting to HK\$30,000,000 (US\$3,846,154). The Group's effective equity interest in Serial Microelectronics (HK) Limited remained at 91% upon the increase in share capital.
- (ii) On 5 October 2016, the Company's wholly owned subsidiary, Serial System International Pte. Ltd. increased the paid up share capital of its 49% owned subsidiary, Serial Factoring (Thailand) Co., Ltd from THB1,000,000 (US\$27,000) to THB 109,000,000 (US\$2,967,000) pursuant to the issuance of 10,800,000 new ordinary shares. The Group's effective equity interest in Serial Factoring (Thailand) Co., Ltd remained at 49% upon the increase in share capital.
- (iii) On 28 November 2016, the Company's wholly owned subsidiary, SCE Enterprise Pte. Ltd. increased the paid up share capital of its wholly owned subsidiary, Serial I-Tech (Far East) Pte. Ltd. from S\$5,409,300 (US\$3,852,864) to S\$7,079,580 (US\$5,052,864), pursuant to the issuance of 1,670,280 new ordinary shares via the capitalisation of a loan amount for US\$1,200,000.
- (iv) On 23 September 2015, the Group through its 95.5% owned subsidiary, Serial Microelectronics Inc. increased the registered share capital of its wholly owned subsidiaries, New Chinese Corporation from US\$1 to US\$301,000 and Bridge Electronics (Shenzhen) Co., Ltd from US\$150,000 to US\$300,000. The Group's effective equity interests in these two subsidiaries remained at 95.5% upon the increases in share capital.

(d) Incorporation of subsidiaries

- (i) On 2 February 2016, the Group's 70% owned subsidiary, Hydra & Thermal Pte. Ltd. acquired a 60% equity interest in a newly incorporated company in Cambodia known as Serial Netcom Co., Ltd for a total cash consideration of US\$60,000.
- (ii) On 24 March 2016, the Group's 91% owned subsidiary, Serial Microelectronics (HK) Limited incorporated a wholly owned subsidiary, Serial Microelectronics (Beijing) Co., Ltd with an intended registered capital of RMB10,000,000 (US\$1,523,000). The registered capital has not been contributed as at 31 December 2016.
- (iii) On 12 August 2016, the Group's 91% owned subsidiary, Serial Microelectronics (HK) Limited acquired a 51% equity interest in a newly incorporated company in Hong Kong, known as Newstone Technology Limited with an intended share capital of HK\$23,400,000 (US\$3,000,000). The share capital has not been contributed as at 31 December 2016.
- (iv) On 2 June 2015, the Company incorporated a wholly owned subsidiary, Serial System International Pte. Ltd. with an issued and paid-up share capital of S\$50,000 (US\$37,000) comprising 50,000 ordinary shares.

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SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

19. Investments in subsidiaries (continued)

(d) Incorporation of subsidiaries (continued)

- (v) On 3 August 2015, the Company's wholly owned subsidiary, SCE Enterprise Pte. Ltd. acquired an equity interest of 80% in PT. Achieva Technology Indonesia, a newly incorporated company in Indonesia. The issued and paid-up capital of PT. Achieva Technology Indonesia is US\$250,000 comprising 250,000 ordinary shares of US\$1 each, of which SCE Enterprise Pte. Ltd.'s contribution amounted to US\$200,000.
- (vi) On 30 October 2015, the Company's wholly owned subsidiary, Serial System International Pte. Ltd. acquired a 49% equity interest in a newly incorporated company in Thailand known as Serial Factoring (Thailand) Co., Ltd for a total cash consideration of THB490,000 (US\$13,000).

The Group has considered its existing voting rights held in its capacity and in trust, which gives the Group's majority voting rights and the practical ability to direct the relevant activities of Serial Factoring (Thailand) Co., Ltd. Consequently, Serial Factoring (Thailand) Co., Ltd is controlled by the Group and is consolidated in these financial statements for the financial year ended 31 December 2016 and 31 December 2015.

(e) Disposal of business in a subsidiary

On 2 June 2015, the Company's wholly owned subsidiary, Serial Microelectronics Pte Ltd and its 70% owned subsidiary, Serial AMSC Microelectronics Co., Ltd entered into business assignment agreements with a third party to dispose the business of Serial AMSC Microelectronics Co., Ltd, which comprised (i) the distribution rights of products manufactured by ON Semiconductor in Japan and customer assignments; and (ii) business backlogs of the products of ON Semiconductor in Japan, for a total consideration of US\$2,520,000. The Group completed the disposal of business in Serial AMSC Microelectronics Co., Ltd at sale proceeds of US\$2,520,000 and recognised a gain on disposal of US\$2,520,000 in the consolidated income statement during the financial year ended 31 December 2015 (Note 5).

(f) Details of subsidiaries

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of effective equity interest held by the Group	
			2016 %	2015 %
Held by the Company				
⁽¹⁾ Serial Microelectronics Pte Ltd	Distribution of electronic and electrical components	Singapore	100.0	100.0
⁽¹⁾ SCE Enterprise Pte. Ltd.	Investment holding and trading	Singapore	100.0	100.0
⁽¹⁾ Serial Investment Pte Ltd	Investment holding and trading and rental of investment properties	Singapore	100.0	100.0

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SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

19. Investments in subsidiaries (continued)

(f) Details of subsidiaries (continued)

		Country of incorporation and place of business	Percentage of effective equity interest held by the Group	
Name of subsidiaries		Principal activities	2016 %	2015 %
Held by the Company (continued)				
(4)	Serial Investment (Taiwan) Inc.	Investment holding and rental of investment properties	Taiwan	100.0
(1)	Serial System International Pte. Ltd.	Investment holding	Singapore	100.0
(1)	Swift-Value Business Pte. Ltd.	Distribution of printer accessories	Singapore	100.0
Held by Serial Microelectronics Pte Ltd				
(2)	Serial Microelectronics (HK) Limited	Distribution of electronic and electrical components	Hong Kong	91.0
(3)	Serial Microelectronics Korea Limited	Distribution of electronic and electrical components	South Korea	98.2
(4)	Serial Microelectronics Inc.	Distribution of electronic and electrical components	Taiwan	95.5
(1)	Teampal (S) Pte. Ltd. (previously known as Serial Technology Pte. Ltd.)	Distribution of electronic and electrical components	Singapore	100.0
(10)	Serial AMSC Microelectronics Co., Ltd	In process of liquidation	Japan	70.0
(10)	PT. Serial Microelectronics Indonesia	In process of liquidation	Indonesia	99.0
(9)	Serial Microelectronics Sdn. Bhd.	Distribution of electronic and electrical components	Malaysia	100.0
(1)	Nippon Denka Serial Pte. Ltd.	Dormant	Singapore	60.0
(1)	Serial GIS Pte. Ltd.	Wholesale and sub-assembly of electrical signals and controls products	Singapore	70.0
Held by SCE Enterprise Pte. Ltd.				
(10)	Agricola Pte. Ltd.	In process of liquidation	Singapore	80.0
(1)	Serial Multivision Pte. Ltd.	Hospitality and healthcare solutions and outdoor advertising media	Singapore	100.0
(1)	Contract Sterilization Services Pte Ltd	Assembly and distribution of medical devices and ethylene oxide sterilization	Singapore	100.0

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SERIAL SYSTEM LTD
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19. Investments in subsidiaries (continued)

(f) Details of subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of effective equity interest held by the Group	
			2016 %	2015 %
Held by SCE Enterprise Pte. Ltd. (continued)				
(1) Serial I-Tech (Far East) Pte. Ltd.	Trading and distribution of fast-moving consumer goods, IT, photographic and timepiece products	Singapore	100.0	100.0
(1) Serial I-Tech Strategic Holdings Franchising Pte. Ltd.	Investment and intellectual property holding	Singapore	100.0	100.0
(1) Hydra & Thermal Pte. Ltd.	Distribution of consumer products and household appliances	Singapore	70.0	70.0
(7) PT. Achieva Technology Indonesia	Importing of computer peripherals, IT accessories and electronic products	Indonesia	80.0	80.0
(1) Achieva Technology Pte Ltd	Distribution and marketing of information technology, computer peripherals, parts, software and related products	Singapore	100.0	–
Held by Serial System International Pte. Ltd.				
(6) Serial Factoring (Thailand) Co., Ltd.	Provision of project financing in the form of leasing, hire purchase, factoring and loan	Thailand	49.0	49.0
Held by Serial Microelectronics (HK) Limited				
(2) Serial Design Limited	Distribution of electronic and electrical components	Hong Kong	91.0	91.0
(5) Serial Microelectronics (Shenzhen) Co., Ltd	Distribution of electronic and electrical components	China	91.0	91.0
(2) Serial Automotive Limited	Distribution of electronic component modules focusing on automotive customers	Hong Kong	54.6	54.6
(2) Serial Vision Limited	Distribution of electronic and electrical components	Hong Kong	50.1	50.1
(2) Serial Microelectronics (Beijing) Co., Ltd	Dormant	China	91.0	–
(2) Newstone Technology Limited	Dormant	Hong Kong	46.4	–

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SERIAL SYSTEM LTD
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19. Investments in subsidiaries (continued)

(f) Details of subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of effective equity interest held by the Group	
			2016 %	2015 %
Held by Serial Automotive Limited				
(5) Serial Automotive (Shanghai) Co., Ltd.	Distribution of electronic component modules focusing on automotive customers	China	54.6	54.6
Held by Serial Microelectronics Inc.				
(4) TeamPal Enterprise Corp.	Distribution of electronic and electrical components	Taiwan	95.5	95.5
(11) New Chinese Corporation	Investment holding company	Samoa	95.5	95.5
Held by New Chinese Corporation				
(11) Bridge Electronics (Shenzhen) Co., Ltd	Distribution of electronic and electrical components	China	95.5	95.5
Held by Serial I-Tech (Far East) Pte. Ltd.				
(10) Serial I-Tech (ME) Pte. Ltd.	Trading and distribution of fast-moving consumer goods, consumer electronics, IT and photographic products	British Virgin Islands	100.0	100.0
(10) GSH Distribution (Cambodia) Pte Ltd	In process of liquidation	Cambodia	100.0	100.0
(10) JEL Trading (Bangladesh) Ltd	Dormant	Bangladesh	100.0	100.0
Held by Serial I-Tech (ME) Pte. Ltd.				
(10) JEL Distribution (Kazakhstan) LLP	Trading and distribution of fast-moving consumer goods, consumer electronics, IT and photographic products	Kazakhstan	100.0	100.0
Held by Achieva Technology Pte. Ltd.				
(8) Achieva Technology Australia Pty Ltd	Distribution and marketing of information technology, computer peripherals, parts, software and related products	Australia	100.0	–
(9) Achieva Technology Sdn. Bhd.	Distribution and marketing of information technology, computer peripherals, parts, software and related products	Malaysia	100.0	–

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SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

19. Investments in subsidiaries (continued)

(f) Details of subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of effective equity interest held by the Group	
			2016 %	2015 %
Held by Hydra & Thermal Pte. Ltd.				
(10) Hydra & Thermal International (Cambodia) Co., Ltd	Distribution of consumer electronic products and household appliances	Cambodia	70.0	–
(10) Serial Netcom Co., Ltd	Distribution and trading of mobile phone's subscriber identity module (SIM) cards and top up cards	Cambodia	42.0	–
(1)	Audited by Moore Stephens LLP, Singapore.			
(2)	Audited by Moore Stephens, Hong Kong.			
(3)	Audited by Samhwa & Co., a member firm of Moore Stephens International Limited.			
(4)	Audited by Tiaoho & Co, Taipei, a member firm of Moore Stephens International Limited.			
(5)	Audited by Beijing Xinghua Shenzhen, a member firm of Moore Stephens International Limited.			
(6)	Audited by Moore Stephens Dia Sevi Ltd, Bangkok, a member firm of Moore Stephens International Limited.			
(7)	Audited by Mulyamin Sensi Suryanto & Lianny, Indonesia, a member firm of Moore Stephens International Limited.			
(8)	Audited by Moore Stephens NSW, Australia, a member firm of Moore Stephens International Limited.			
(9)	Audited by Moore Stephens Associate PLT, Malaysia, a member firm of Moore Stephens International Limited.			
(10)	Statutory audit is not required by law in their countries of incorporation or these entities are dormant/in process of liquidation. These entities are not considered significant subsidiaries pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited.			
(11)	Reviewed by Tiaoho & Co, Taipei, a member firm of Moore Stephens International Limited. These entities are not considered significant subsidiaries pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited.			

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20. Property, plant and equipment

	Leasehold land	Leasehold buildings	Freehold land	Freehold buildings	Renovations and fittings	Furniture and equipment	Office equipment	Other equipment	Motor vehicles	Computers	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group											
2016											
Cost											
At 1 January 2016	1,497	23,031	1,736	6,465	4,471	1,775	1,295	4,324	1,309	2,997	48,900
Additions	-	1	-	848	507	140	133	63	109	581	2,382
Acquisition of subsidiaries [Note 19(a)(iii)(c)]	-	-	-	-	258	2	23	1	61	14	359
Transfer from investment properties [Note 20(b)]	-	2,526	-	-	-	-	-	-	-	-	2,526
Disposals/write-off	-	-	-	-	(21)	(30)	(29)	(1)	(275)	(48)	(404)
Currency translation differences	(25)	(1,314)	(48)	(31)	(118)	(51)	(18)	(71)	(26)	(17)	(1,719)
At 31 December 2016	1,472	24,244	1,688	7,282	5,097	1,836	1,404	4,316	1,178	3,527	52,044
Accumulated depreciation											
At 1 January 2016	315	1,880	-	332	3,079	1,386	953	2,945	749	2,408	14,047
Depreciation charges (Note 6)	28	652	-	114	535	140	176	1,306	169	371	3,491
Disposals/write-off	-	-	-	-	(9)	(14)	(13)	-	(227)	(45)	(308)
Currency translation differences	(7)	(118)	-	(7)	(85)	(16)	(16)	(102)	(18)	(17)	(386)
At 31 December 2016	336	2,414	-	439	3,520	1,496	1,100	4,149	673	2,717	16,844
Net book value											
At 31 December 2016	1,136	21,830	1,688	6,843	1,577	340	304	167	505	810	35,200

NOTES TO THE FINANCIAL STATEMENTS

SERIAL SYSTEM LTD
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For the financial year ended 31 December 2016

20. Property, plant and equipment (continued)

	Leasehold land US\$'000	Leasehold buildings US\$'000	Freehold land US\$'000	Freehold buildings US\$'000	Renovations and fittings US\$'000	Furniture US\$'000	Office equipment US\$'000	Other equipment US\$'000	Motor vehicles US\$'000	Computers US\$'000	Construction in-progress US\$'000	Total US\$'000
The Group												
2015												
Cost												
At 1 January 2015	1,600	19,199	1,856	6,809	4,527	1,764	1,224	4,472	1,183	2,573	4,807	50,014
Additions	-	467	-	-	351	143	106	118	126	434	-	1,745
Acquisition of subsidiaries [Note 19(a)(vi)(c)]	-	-	-	-	10	18	4	-	78	35	-	145
Reclassifications	-	4,807	-	-	-	-	-	-	-	-	(4,807)	-
Disposals/write-off	-	-	-	-	(224)	(110)	(8)	(4)	(26)	(12)	-	(384)
Currency translation differences	(103)	(1,442)	(120)	(344)	(193)	(40)	(31)	(262)	(52)	(33)	-	(2,620)
At 31 December 2015	1,497	23,031	1,736	6,465	4,471	1,775	1,295	4,324	1,309	2,997	-	48,900
Accumulated depreciation												
At 1 January 2015	308	1,447	-	238	2,746	1,276	823	2,563	613	2,138	-	12,152
Depreciation charges (Note 6)	28	516	-	136	527	172	155	546	182	303	-	2,565
Disposals/write-off	-	-	-	-	(93)	(47)	(8)	(4)	(22)	(12)	-	(186)
Currency translation differences	(21)	(83)	-	(42)	(101)	(15)	(17)	(160)	(24)	(21)	-	(484)
At 31 December 2015	315	1,880	-	332	3,079	1,386	953	2,945	749	2,408	-	14,047
Net book value												
At 31 December 2015	1,182	21,151	1,736	6,133	1,392	389	342	1,379	560	589	-	34,853

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For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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20. Property, plant and equipment (continued)

	Renovations US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Other equipment US\$'000	Motor vehicles US\$'000	Computers US\$'000	Total US\$'000
The Company							
2016							
Cost							
At 1 January 2016	390	541	243	55	403	1,122	2,754
Additions	5	6	2	25	–	61	99
At 31 December 2016	395	547	245	80	403	1,183	2,853
Accumulated depreciation							
At 1 January 2016	390	536	210	51	247	927	2,361
Depreciation charges	1	4	14	8	38	122	187
At 31 December 2016	391	540	224	59	285	1,049	2,548
Net book value							
At 31 December 2016	4	7	21	21	118	134	305
2015							
Cost							
At 1 January 2015	390	536	209	55	403	938	2,531
Additions	–	5	34	–	–	184	223
At 31 December 2015	390	541	243	55	403	1,122	2,754
Accumulated depreciation							
At 1 January 2015	388	533	204	46	209	815	2,195
Depreciation charges	2	3	6	5	38	112	166
At 31 December 2015	390	536	210	51	247	927	2,361
Net book value							
At 31 December 2015	–	5	33	4	156	195	393

- (a) As at the reporting date, the carrying amount of motor vehicles held under finance lease agreements for the Group amounted to US\$130,000 (2015: US\$146,000) [Note 25(a)(vii)].

During the financial year ended 31 December 2015, the Group acquired motor vehicles amounting to US\$35,000 under finance lease agreements.

- (b) The Group's leasehold land and building at 8 Ubi View, Serial System Building, Singapore used by the Group and classified as property, plant and equipment, has a net carrying value amounting to US\$7,060,000 (2015: US\$4,840,000).

During the financial year, the Group transferred the remaining portion of its leasehold building in Singapore with a fair value amounting to US\$2,526,000 from investment properties (Note 21) to property, plant and equipment for own use.

The leasehold land and building is held as security for bank borrowings of the Group and the Company amounting to US\$10,526,000 (2015: US\$13,005,000) as disclosed in Note 25(a)(i).

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For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

20. Property, plant and equipment (continued)

- (c) The Group's freehold building in Taipei, Taiwan, used by the Group and classified as property, plant and equipment, has a net carrying value amounting to US\$3,135,000 (2015: US\$3,105,000). The freehold building is held as security for the Group's bank borrowings of US\$5,387,000 (2015: US\$3,720,000) as disclosed in Note 25(a)(ii). See Note 21(a) for the portion of the freehold building included as investment properties.
- (d) The Group's freehold land and building in Seoul, South Korea used by the Group and classified as property, plant and equipment, has a net carrying value amounting to US\$4,554,000 (2015: US\$4,766,000). The freehold land and building is held as security for the Group's bank borrowings of US\$993,000 (2015: US\$1,702,000) as disclosed in Note 25(a)(iii).
- (e) During the financial year, the Group through its wholly owned subsidiary, Serial Microelectronics Sdn. Bhd. acquired a freehold land and building in Penang, Malaysia for a consideration of MYR3,799,000 (US\$848,000). The freehold land and building is held as security for the Group's bank borrowings of US\$493,000 (2015: Nil) as disclosed in Note 25(a)(iv). The net carrying value of the freehold land and building as at the reporting date amounted to US\$841,000 (2015: Nil).

21. Investment properties

	The Group	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	7,320	7,660
Transfer to property, plant and equipment [Note 20(b)]	(2,526)	-
	4,794	7,660
Fair value gain (Note 5)	228	205
Currency translation differences	245	(545)
End of financial year	5,267	7,320

- (a) The Group's freehold building in Taipei, Taiwan which is leased to an associated company, Bull Will Co., Ltd, with fair value of US\$4,189,000 (2015: US\$4,105,000) is held as security for the Group's borrowings of US\$5,387,000 (2015: US\$3,720,000) as disclosed in Note 25(a)(ii).
- (b) The Group has no restrictions on the reliability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.
- (c) As at the reporting date, investment properties are carried at fair values, determined by independent professional valuers. Valuations are performed annually based on the investment properties' highest-and-best use value using the Direct Market Comparison Method.

The following amounts in respect of the investment properties are recognised in the consolidated income statement:

	The Group	
	2016	2015
	US\$'000	US\$'000
Rental income	125	130
Direct operating expenses on investment properties that generated rental income	(6)	(25)
Property tax and direct operating expenses on an investment property that did not generate rental income	-	(3)

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SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

22. Intangible assets

	The Group		The Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Goodwill arising from acquisition of subsidiaries	14,129	15,229	-	-
Computer software license costs	539	665	465	544
Distribution rights	53	-	-	-
	14,721	15,894	465	544

(a) Goodwill arising from acquisition of subsidiaries

	The Group	
	2016 US\$'000	2015 US\$'000
Cost		
Beginning of financial year	20,677	12,398
Acquisition of subsidiaries [Note 19(a)(vi)(c)]	-	8,279
End of financial year	20,677	20,677
Accumulated impairment loss		
Beginning of financial year	5,448	4,728
Impairment losses (Note 6)	1,100	720
End of financial year	6,548	5,448
Net book value	14,129	15,229

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segment.

A segment-level geographical summary of the goodwill allocation is presented below:

	Electronic components distribution		Consumer products distribution		Other businesses		Total	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
The Group								
Singapore	-	-	10,417	11,517	1,560	1,560	11,977	13,077
Hong Kong	1,292	1,292	-	-	-	-	1,292	1,292
South Korea	860	860	-	-	-	-	860	860
	2,152	2,152	10,417	11,517	1,560	1,560	14,129	15,229

The recoverable amount of a CGU was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on the financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period to the fifth year were extrapolated using the estimated growth rates stated below. The forecasted growth rates are based on management's best estimates from industry research and do not exceed the long-term average growth rate for the electronic components distribution, consumer products distribution and other businesses in which the CGU operated.

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For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

22. Intangible assets (continued)

(a) Goodwill arising from acquisition of subsidiaries (continued)

Key assumptions used for value-in-use calculations:

Electronic components distribution

	Hong Kong		South Korea	
	2016	2015	2016	2015
Gross margin ¹	7.7%	8.2%	9.3%	9.2%
Growth rate ²	2.5%	2.3%	2.0%	2.2%
Discount rate ³	5.4%	5.7%	5.4%	5.9%

Consumer products distribution

	Singapore	
	2016	2015
Gross margin ¹	4.0%	3.8%
Growth rate ²	2.3%	3.3%
Discount rate ³	4.5%	4.7%

Other businesses

	Singapore	
	2016	2015
Gross margin ¹	55.6%	55.1%
Growth rate ²	2.9%	4.3%
Discount rate ³	4.5%	4.7%

Note:

¹ Budgeted gross margin based on management's assumptions with reference to past performance.

² Weighted average growth rate used to extrapolate cash flows beyond the budget period.

³ Pre-tax discount rate applied to the pre-tax cash flow projections estimated based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital.

These assumptions were used for the analysis of each CGU. Management determined budgeted gross margin based on past performance and its expectations of the market development. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflect specific risks relating to the relevant segment.

Impairment charges of US\$1,100,000 (2015: US\$720,000) were provided during the financial year. The impairment charges arose mainly from CGU in Singapore (2015: South Korea) where the carrying amount of each CGU exceeds the recoverable amount of each CGU as the environment became more competitive coupled with rising business costs.

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SERIAL SYSTEM LTD
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22. Intangible assets (continued)

(b) Computer software license costs

	The Group		The Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Beginning of financial year	665	683	544	521
Additions	185	278	172	236
Acquisition of subsidiaries [Note 19(a)(iii)(c) & Note 19(a)(vi)(c)]	5	33	-	-
Amortisation (Note 6)	(311)	(334)	(251)	(213)
Currency translation differences	(5)	5	-	-
End of financial year	539	665	465	544
Cost	2,879	2,694	2,536	2,364
Accumulated amortisation	(2,340)	(2,029)	(2,071)	(1,820)
Net book value	539	665	465	544

(c) Distribution rights

	The Group	
	2016 US\$'000	2015 US\$'000
Beginning of financial year	-	1,119
Additions	59	-
Amortisation (Note 6)	(6)	(1,116)
Currency translation differences	-	(3)
End of financial year	53	-
Cost	11,233	11,174
Accumulated amortisation	(11,180)	(11,174)
Net book value	53	-

23. Other assets

	The Group	
	2016 US\$'000	2015 US\$'000
Other investment [Note 23(a)]	615	615
Club memberships [Note 23(b)]	127	130
Deposits [Note 23(c)]	326	666
	1,068	1,411

- (a) Other investment relates to an interest in a residential and commercial property development investment on two pieces of land located in Phnom Penh, Cambodia. An amount of US\$516,000 had been refunded to the Group during the financial year ended 31 December 2015.

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23. Other assets (continued)

- (b) The club memberships are denominated in Korean Won.
- (c) Deposits relate mainly to refundable deposits placed for the rental of office units for certain subsidiaries. These deposits are refundable upon termination of the tenancy agreements and the Company does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be refunded. The currency exposure for deposits are disclosed in Note 36(a)(i) to the financial statements under "other financial assets".

24. Trade and other payables

	The Group		The Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Current				
Trade payables:				
Third parties	137,712	105,351	-	-
Associated companies	2	534	-	-
	137,714	105,885	-	-
Other payables and accrued operating expenses	39,883	32,117	2,399	2,067
Derivative financial instruments [Note 24(a)]	166	768	-	-
Due to subsidiaries [Note 24(b)]	-	-	6,063	3,037
Due to associated companies [Note 24(b)]	72	25	29	-
Contingent consideration payable [Note 19(a)(v)]	672	672	-	-
Financial guarantee contracts	-	-	637	728
	178,507	139,467	9,128	5,832
Non-current				
Due to a subsidiary [Note 24(c)]	-	-	6,078	4,481

- (a) The Group used foreign exchange forward contracts to manage exposures to currency risks arising from inter-company loans denominated in Singapore Dollar, Chinese Renminbi, Australian Dollar, Malaysian Ringgit and Japanese Yen.

As at the reporting date, the outstanding non-hedging derivative financial instruments comprised:

	The Group			
	2016		2015	
	Contract notional amount US\$'000	Fair value liability US\$'000	Contract notional amount US\$'000	Fair value liability US\$'000
Foreign exchange forward contracts	3,400	166	8,500	768

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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24. Trade and other payables (continued)

(a) (continued)

The range of the contractual rates to buy or sell United States Dollar against the respective foreign currencies are summarised as follows:

	2016		2015	
	Buy United States Dollar	Sell United States Dollar	Buy United States Dollar	Sell United States Dollar
Against Chinese Renminbi	-	-	-	5.99 to 6.27
Against Australian Dollar	-	1.362 to 1.387	-	-
Against Malaysian Ringgit	-	4.26	4.308	-
Against Japanese Yen	-	107.82 to 109.74	120.33	-

These foreign exchange forward contracts have maturity dates within two months (2015: three months) from the reporting date.

- (b) As at the reporting date, the amounts due to subsidiaries and associated companies are non-trade in nature, unsecured, interest-free and are repayable in cash, on demand, except for an amount of US\$5,250,000 (2015: Nil) due to subsidiaries which bears interest at 3.72% (2015: Nil) per annum.
- (c) As at the reporting date, the amount due to a subsidiary is non-trade in nature, bears interest at 3.72% (2015: 5.52%) per annum and is repayable on 31 December 2020 (2015: 31 December 2020).

25. Borrowings

	The Group		The Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Current				
Bank borrowings [Note 25(a)(i),(ii),(iii), (iv) and (v)]	25,673	28,233	2,216	2,262
Trust receipts [Note 25(a)(vi)]	160,420	140,649	-	-
Finance lease liabilities [Note 25(a)(vii) and Note 26]	18	18	-	-
Other borrowing [Note 25(a)(viii)]	3,282	12,538	-	-
	189,393	181,438	2,216	2,262
Non-current				
Bank borrowings [Note 25(a)(i),(ii),(iii), (iv) and (v)]	15,007	20,540	8,310	10,743
Finance lease liabilities [Note 25(a)(vii) and Note 26]	25	44	-	-
	15,032	20,584	8,310	10,743
Total borrowings	204,425	202,022	10,526	13,005

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SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

25. Borrowings (continued)

(a) Security granted/corporate guarantees granted

- (i) A four-year term loan of S\$20,000,000 (US\$14,829,000) was drawn down by the Company during the financial year ended 31 December 2015. As at the reporting date, the balance of the term loan amounting to US\$10,526,000 (2015: US\$13,005,000) included in current borrowings of US\$2,216,000 (2015: US\$2,262,000) and non-current borrowings of US\$8,310,000 (2015: US\$10,743,000) of the Group and the Company is secured by the following:
 - a first legal mortgage of the leasehold land and building at 8 Ubi View, Serial System Building, Singapore (“Mortgaged Property”) [Note 20(b)];
 - an assignment of all rights and benefits relating to the Mortgaged Property;
 - an assignment of all rights, title interest and benefits in tenancy agreements, relating to the Mortgaged Property;
 - an assignment of all rights and benefits under the insurance policies taken in relation to the Mortgaged Property; and
 - joint and several guarantees of certain subsidiaries of the Group.
- (ii) As at the reporting date, bank borrowing amounting to US\$3,528,000 (2015: US\$3,720,000), included in current borrowings of US\$260,000 (2015: US\$255,000) and non-current borrowings of US\$3,268,000 (2015: US\$3,465,000), is due by a wholly owned subsidiary, Serial Investment (Taiwan) Inc. to partially finance the acquisition of a freehold building of the Group. During the financial year, an additional loan of US\$1,859,000, included in current borrowings, was taken up by Serial Investment (Taiwan) Inc. to finance its working capital requirements. The total bank borrowings of US\$5,387,000 (2015: US\$3,720,000) are secured by a first legal mortgage of the freehold building [Note 20(c) and Note 21(a)].
- (iii) As at the reporting date, bank borrowing amounting to US\$993,000 (2015: US\$1,702,000), included in current borrowings of US\$662,000 (2015: US\$681,000) and non-current borrowings of US\$331,000 (2015: US\$1,021,000), is due by a wholly owned subsidiary, Serial Microelectronics Korea Limited to partially finance the acquisition of a freehold land and building. The bank borrowing is secured by a first legal mortgage of the freehold land and building [Note 20(d)].
- (iv) During the financial year, a ten-year term loan of MYR2,247,000 (US\$542,000) was drawn down by a wholly owned Malaysia subsidiary, Serial Microelectronics Sdn. Bhd. to part finance the acquisition of a property in Malaysia. As at the reporting date, the balance of the term loan amounting to US\$493,000 included in current borrowings of US\$50,000 and non-current borrowings of US\$443,000 of the Group is secured by a first legal mortgage of the freehold land and building [Note 20(e)].
- (v) Other than disclosed in Note 25(a)(i), (ii), (iii) and (iv) above, current bank borrowings amounting to US\$17,707,000 (2015: US\$23,410,000) and non-current bank borrowings of US\$2,655,000 (2015: US\$5,311,000) of the Group are obtained with corporate guarantees of the Company and certain subsidiaries of the Group. The remaining current borrowings of US\$2,919,000 (2015: US\$1,625,000) are unsecured.
- (vi) Trust receipts of US\$157,604,000 (2015: US\$140,649,000) for all subsidiaries are obtained with the corporate guarantee of the Company. The remaining trust receipts of US\$2,816,000 (2015: Nil) are unsecured.

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SERIAL SYSTEM LTD
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25. Borrowings (continued)

(a) Security granted/corporate guarantees granted (continued)

(vii) As at the reporting date, finance lease liabilities amounting to US\$43,000 (2015: US\$62,000) of the Group are secured on motor vehicles, which have been acquired under finance lease arrangements [Note 20(a)].

(viii) Other borrowing of US\$3,282,000 (2015: US\$12,538,000) included in current borrowings, is due to the previous shareholder of Swift-Value Business Pte. Ltd. and not secured.

(b) Maturity of borrowings

The maturity of the borrowings is as follows:

	The Group		The Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Within one year	189,393	181,438	2,216	2,262
Between one and five years	13,063	18,395	8,310	10,743
Over five years	1,969	2,189	-	-

(c) Interest rate risk

The weighted average effective interest rates of the borrowings as at the reporting date are as follows:

The Group	Singapore Dollar	United States Dollar	Hong Kong Dollar	New Taiwan Dollar	Korean Won	Malaysian Ringgit	Thai Baht	Indonesian Rupiah	Japanese Yen
2016									
Bank borrowings	2.33%	2.83%	3.30%	1.85%	3.82%	2.93%	2.50%	-	-
Trust receipts	2.99%	3.26%	-	1.99%	-	1.10%	-	-	-
Finance lease liabilities	2.88%	-	-	-	-	-	-	4.69%	-
2015									
Bank borrowings	3.02%	2.72%	2.98%	2.08%	3.97%	-	-	-	-
Trust receipts	3.72%	2.82%	-	2.15%	-	-	-	-	1.93%
Finance lease liabilities	2.88%	-	-	-	-	-	-	4.69%	-
							Singapore Dollar		
The Company							2016	2015	
Bank borrowing							2.27%	3.03%	

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SERIAL SYSTEM LTD
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25. Borrowings (continued)

(d) Carrying amounts and fair values

As at the reporting date, the carrying amounts of current borrowings approximate their fair values.

The fair values of non-current borrowings are as follows:

	Carrying amount		Fair value	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
The Group				
Bank borrowings and finance lease liabilities	15,032	20,584	14,572	19,804
The Company				
Bank borrowing and finance lease liability	8,310	10,743	8,025	10,267

The fair values are determined from discounted cash flows analysis, discounted at the borrowing rates which the management expects to be available to the Group and the Company at the reporting date.

(e) Loan compliance

The Group regularly monitors its compliance with the covenants and is up to date with the scheduled repayments of the borrowings. As at the reporting date, the Group complied with financial covenants granted by various banks, except for certain banks, which have the right to call for the immediate repayment of the outstanding borrowings of US\$18,656,000 (2015: US\$45,728,000). The Group obtained waivers from compliance from the relevant banks for borrowings of US\$13,456,000 during the financial year. Subsequent to the reporting date, the Group obtained revised banking facilities and lowered the gearing ratio requirements for the remaining US\$5,200,000.

26. Finance lease liabilities

The Group has finance leases for property, plant and equipment (motor vehicles). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the options of the specific entity that holds the lease.

	The Group	
	2016	2015
	US\$'000	US\$'000
Minimum lease payments due		
Within one year	18	18
Between one and five years	31	52
	49	70
Less: Future finance charges	(6)	(8)
Present value of finance lease liabilities	43	62

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SERIAL SYSTEM LTD
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26. Finance lease liabilities (continued)

The present value of finance lease liabilities is analysed as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Within one year (Note 25)	18	18
Between one and five years (Note 25)	25	44
	43	62

27. Defined benefit plans liabilities

The Group has defined benefit pension plans for certain subsidiaries of which require contributions to be made to separately administered funds. The Group provides employees with a minimum severance lump sum benefit equivalent to one month salary for each year of service upon termination for any reason. It is permissible under the current severance pay system for the employer to cash out in whole or in part of the accrued severance benefits to employees who remain in service. The Group funds the employee benefits by settling aside external funds via an insurance policy ("plan assets").

(a) The amounts recognised in the statements of financial position are determined as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Present value of defined benefit obligations	1,629	2,269
Fair value of plan assets	(1,087)	(1,455)
	542	814

(b) Changes in present value of the defined benefit obligations are as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	2,269	1,919
Interest costs – charged to consolidated income statement	47	47
Current service costs – charged to consolidated income statement	471	392
Remeasurement (gain)/loss arising from changes in:		
- demographic assumptions	(179)	17
- financial assumptions	(144)	157
Benefits paid	(532)	(119)
Currency translation differences	(303)	(144)
End of financial year	1,629	2,269

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27. Defined benefit plans liabilities (continued)

- (c) Changes in fair value of plan assets are as follows:

	The Group	
	2016 US\$'000	2015 US\$'000
Beginning of financial year	1,455	1,263
Interest income – credited to consolidated income statement	46	42
Remeasurement losses – return on plan assets	(23)	(16)
Contribution by the Group	195	343
Benefits paid	(532)	(119)
Currency translation differences	(54)	(58)
End of financial year	1,087	1,455

- (d) Independent actuarial valuation of the defined benefit plans liabilities was performed and the principal actuarial assumptions used in the actuarial valuation are as follows:

	The Group	
	2016	2015
Discount rate	2.1% - 3.5%	2.1%
Future salary increases	4.5% - 5.0%	5.0%

- (e) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption by 0.25% (2015: 0.25%) on the defined benefit plans liabilities as follows:

	The Group	
	Defined benefit plans liabilities increase/(decrease)	
	2016 US\$'000	2015 US\$'000
Discount rate		
- increase	(66)	(77)
- decrease	70	82
Future salary increases		
- increase	68	79
- decrease	(65)	(75)

The methods and types of assumptions used in preparing the sensitivity analysis during the financial year did not change as compared to the financial year ended 31 December 2015.

- (f) The Group expects to contribute US\$294,000 to the defined benefit plans in 2017 (2015: US\$373,000 in 2016).
- (g) The average duration of the defined benefit obligation as at the reporting date is 5.7 years (2015: 5.0 years) for the defined benefit plans.

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28. Deferred income taxes

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

	The Group	
	2016	2015
	US\$'000	US\$'000
Deferred income tax assets to be recovered after one year	(711)	(662)
Deferred income tax liabilities to be settled after one year	271	198
	(440)	(464)

The movements in the deferred income tax account are as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Beginning of the financial year	(464)	(578)
Tax (credited)/charged to consolidated income statement [Note 9(a)]	(26)	49
Reclassification to current income tax liabilities [Note 9(b)]	-	42
Under provision in preceding financial years [Note 9(a)]	57	-
Currency translation differences	(7)	23
End of the financial year	(440)	(464)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has the following unrecognised tax losses and capital allowances as at the reporting date, which can be carried forward and used to offset against future taxable income, subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation.

	The Group	
	2016	2015
	US\$'000	US\$'000
Tax losses	8,010	3,411
Capital allowances	2,800	2,751
	10,810	6,162

The tax losses and capital allowances that are available for offset against future taxable profits, are subject to the agreement of the tax authorities and compliance with the relevant tax provisions. Included in the tax losses as at the reporting date are US\$619,000 (2015: US\$179,000) arising in China that will expire in one to five years after 31 December 2016. The deferred tax assets arising from these unutilised tax losses and capital allowances have not been recognised because it is not probable that future taxable profits will be available against which the entities can utilise.

As at the reporting date, the aggregate amount of temporary differences associated with undistributed earnings of the subsidiaries of the Group for which no deferred tax liability has been recognised amounted to US\$13,195,000 (2015: US\$12,966,000) based on the Group's policy as stated in Note 2.5. The deferred tax liability not recognised is estimated to be US\$1,390,000 (2015: US\$1,358,000).

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28. Deferred income taxes (continued)

(a) Deferred income tax assets

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

	Provisions	
	2016 US\$'000	2015 US\$'000
The Group		
Beginning of financial year	(662)	(750)
Reclassification to deferred income tax liabilities [Note 28(b)]	-	8
Reclassification to current income tax liabilities	-	42
(Credited)/charged to consolidated income statement	(84)	30
Over provision in preceding financial years	37	-
Currency translation differences	(2)	8
End of financial year	(711)	(662)

(b) Deferred income tax liabilities

	Investment properties US\$'000	Others US\$'000	Total US\$'000
The Group			
2016			
Beginning of financial year	154	44	198
Charged to consolidated income statement	2	56	58
Under provision in preceding financial years	-	20	20
Currency translation differences	-	(5)	(5)
End of financial year	156	115	271
2015			
Beginning of financial year	147	25	172
Reclassification from deferred income tax assets [Note 28(a)]	-	(8)	(8)
Charged to consolidated income statement	7	12	19
Currency translation differences	-	15	15
End of financial year	154	44	198

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29. Share capital and treasury shares

The Group and The Company	Issued number of shares		Total share capital	
	Share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	US\$'000	US\$'000
2016				
Beginning and end of financial year	905,788	(9,946)	72,648	(736)
2015				
Beginning and end of financial year	905,788	(9,946)	72,648	(736)

- (a) All issued shares are fully paid and do not have a par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. All shares rank equally with regard to the Company's residual assets.

- (b) Share options

The 2014 Scheme was approved by the shareholders at the Extraordinary General Meeting of the Company held on 26 April 2014. It replaced the previous Serial System Executives Share Option Scheme (the "2004 Scheme"), which expired on 29 January 2014. Any share options granted and accepted under the 2004 Scheme have been fully exercised upon expiry of the 2004 Scheme on 29 January 2014.

Under the 2014 Scheme, share options are granted to the following persons at the absolute discretion of the 2014 Scheme's committee (the "Committee"):

- confirmed full-time employees of the Company and its subsidiaries who have attained the age of 21 years on or before the date of grant of the share options;
- executive directors of the Company;
- non-executive directors of the Company; and
- employees who qualify under sub-paragraph (i) above and are seconded to an associated company or a company outside the Group in which the Company and/or Group has an equity interest, and who, in the absolute discretion of the Committee is selected to participate in the 2014 Scheme.

For the purpose of paragraph (iv) above, the secondment of an employee to another company shall not be regarded as a break in his employment or his having ceased employment as a full-time employee of the Group by reason only of such secondment.

For non-incentive share options, the exercise price of the granted share options is to be determined by the Committee, in its absolute discretion, at a price equal to the average of the last dealt prices of the Company on the Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive trading days ("Market Price") immediately prior to the date of offer of the share options.

For incentive share options, share options are granted at a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price; and the shareholders of the Company in a general meeting have authorised, in a separate resolution, the making of offers and grants of such share options under the 2014 Scheme at a discount not exceeding the maximum discount as aforesaid.

The share options are vested one month after the date of offer of the share options. Once the share options are vested, they are exercisable for a term of 10 years, and for non-executive directors of the Company, for a term of 5 years, or such other terms determined by the Committee or prescribed under any relevant law, regulation or rule of the SGX-ST from time to time.

No share options were granted during the financial year ended 31 December 2016 and 31 December 2015.

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30. Reserves

The Group	Capital reserve US\$'000	Defined benefit plans reserve US\$'000	Fair value reserve US\$'000	Revaluation reserve US\$'000	Other reserve US\$'000
2016					
Beginning of financial year	1,276	(557)	(1,353)	59	(718)
Addition	-	300	8,897	-	(53)
Reversal	-	-	(3,874)	-	-
End of financial year	1,276	(257)	3,670	59	(771)
2015					
Beginning of financial year	1,015	(367)	-	59	(715)
Addition	261	(190)	(1,353)	-	(3)
End of financial year	1,276	(557)	(1,353)	59	(718)

The Company

2016

Beginning and end of financial year	180
-------------------------------------	-----

2015

Beginning and end of financial year	180
-------------------------------------	-----

(a) Capital reserve

Capital reserve represents share of capital reserve of an associated company and the Company's repurchased of its ordinary shares in the open market in prior financial years.

(b) Defined benefit plans reserve

Defined benefit plans reserve represents movements in the net defined benefit plans liabilities or assets resulting from remeasurements at each financial year end.

(c) Fair value reserve

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

(d) Revaluation reserve

Revaluation reserve represents increases in the fair value of investment properties, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

(e) Other reserve

Other reserve represents the equity recognised on differences between the amount by which the non-controlling interests are adjusted and the fair value of any consideration paid or received, and attribute to the Group when the proportion of the equity held by non-controlling interests changes.

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31. Currency translation reserve

	The Group		The Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of financial year	(1,498)	4,283	17,589	17,589
Net currency translation differences arising from net investments in foreign subsidiaries and associated companies	10	(5,073)	-	-
Non-controlling interests (Note 33)	357	(332)	-	-
Share of associated companies' currency translation reserve	(1,552)	(376)	-	-
	(1,185)	(5,781)	-	-
End of financial year	(2,683)	(1,498)	17,589	17,589

32. Retained earnings

- (a) Included in the Group's retained earnings of US\$46,719,000 (2015: US\$46,680,000) as at the reporting date are legal reserves amounting to US\$102,000 (2015: US\$104,000) which are set aside in compliance with local laws of certain overseas subsidiaries and are non-distributable. These legal reserves can only be used upon approval by the relevant authorities, to offset accumulated losses (if any) or increase capital.
- (b) Movements in retained earnings for the Company are as follows:

	The Company	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	13,908	13,092
Total profit	4,720	8,018
Dividends paid (Note 34)	(4,519)	(7,202)
End of financial year	14,109	13,908

Movements in retained earnings for the Group are shown in the Consolidated Statement of Changes in Equity.

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33. Non-controlling interests

	The Group	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	3,583	3,200
Share of results of subsidiaries	789	269
Share of currency translation reserve (Note 31)	(357)	332
	432	601
Acquisition of subsidiaries [Note 19(a)(iii)(c) and Note 19(a)(vi)(c)]	172	238
Subscription of interests in a subsidiary [Note 33(a)]	40	-
Subscription of additional interests in a subsidiary [Note 33(b)]	882	-
Acquisition of additional interests in subsidiaries from non-controlling interests [Note 19(b)(i), Note 33(c) and Note 33(d)]	(247)	(16)
Dividends paid to non-controlling interest	-	(440)
End of financial year	4,862	3,583

- (a) On 2 February 2016, the non-controlling interests of Serial Netcom Co., Ltd subscribed for 40,000 ordinary shares at US\$1 per share at US\$40,000 in the issued and paid up capital of Serial Netcom Co., Ltd.
- (b) On 5 October 2016, the non-controlling interests of Serial Factoring (Thailand) Co., Ltd subscribed for additional 3,240,000 ordinary shares at THB10 (US\$0.27) per share, amounting to THB32,400,000 (US\$882,000) in the issued and paid up capital of Serial Factoring (Thailand) Co., Ltd.
- (c) On 7 October 2016, the Group increased its equity interest by 1.8% to 100% in Serial Microelectronics Korea Limited via the purchase of 360 ordinary shares of Serial Microelectronics Korea Limited at US\$300,000 from an existing shareholder and director.
- (d) On 13 February 2015, the Group increased its equity interest by 5% in Serial GIS Pte. Ltd. via the purchase of 25,000 ordinary shares of Serial GIS Pte. Ltd. at S\$25,000 (US\$19,000) from an existing shareholder.

34. Dividends

	The Group and The Company	
	2016	2015
	US\$'000	US\$'000
Ordinary dividends paid:		
One-tier tax-exempt final cash dividend of S\$0.50 cent (US\$0.37 cent) per share paid in respect of the financial year ended 31 December 2015	3,336	-
One-tier tax-exempt interim cash dividend of S\$0.18 cent (US\$0.13 cent) per share paid in respect of the financial year ended 31 December 2016	1,183	-
One-tier tax-exempt final cash dividend of S\$0.75 cent (US\$0.55 cent) per share paid in respect of the financial year ended 31 December 2014	-	4,981
One-tier tax-exempt interim cash dividend of S\$0.35 cent (US\$0.25 cent) per share paid in respect of the financial year ended 31 December 2015	-	2,221
Total [Note 32(b)]	4,519	7,202

At the forthcoming Annual General Meeting on 28 April 2017, a one-tier tax-exempt final cash dividend of S\$0.17 cent (US\$0.12 cent) per share will be recommended for approval by shareholders of the Company. These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2017, subject to shareholders' approval at the forthcoming Annual General Meeting on 28 April 2017.

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35. Commitments and contingencies

(a) Guarantees

	The Group		The Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Unsecured guarantees provided by the Company for/to:				
- banking facilities of subsidiaries	-	-	190,990	180,348
- suppliers of subsidiaries	7,131	22,213	7,131	22,213
- banking facilities of associated companies	-	9,739	-	9,739
Unsecured bank guarantees provided by the subsidiaries for/to:				
- suppliers of subsidiaries	13,044	10,735	-	-
- customers of a subsidiary	-	244	-	-
	20,175	42,931	198,121	212,300

(b) Operating lease commitments - where a Group is a lessee

The Group leases various offices and office equipment under non-cancellable operating lease agreements. These leases have varying terms and renewal rights but no purchase options clauses. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are analysed as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Within one year	1,992	1,913
Between one and five years	3,029	4,514
More than five years	26	39
	5,047	6,466

(c) Operating lease commitments - where a Group/Company is a lessor

The Group leases out certain investment properties to an associated company and non-related parties under non-cancellable operating leases. As at 31 December 2015, the Group entered into a advertising income contract with a non-related party through the leasing of its outdoor media advertising equipment. These leases have varying terms and renewal rights but no purchase options clauses. The advertising income contract expired on 30 June 2016 and was not renewed.

The future aggregate minimum lease receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, is analysed as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Within one year	1,027	1,905
Between one and five years	1,970	2,395
	2,997	4,300

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36. Financial risk management

The Group's activities expose it to a variety of market risks (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The directors of the Company provide guidelines for overall risk management. Management reviews and agrees on policies for managing the various financial risks.

(a) Market risk

(i) Currency risk

Currency risk arises from transactions denominated in currencies other than the respective functional currencies of the entities in the Group.

The Group's businesses conduct the majority of their sale and purchase transactions in the same currency, mainly United States Dollar (US\$). The Group monitors its foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases.

In addition, the Group operates internationally and is exposed to currency translation risk arising from various currency exposures, primarily with respect to the Singapore Dollar (S\$), Korean Won (KRW), Hong Kong Dollar (HK\$), Chinese Renminbi (RMB), New Taiwan Dollar (NT\$), Malaysian Ringgit (MYR), Thailand Baht (THB), Indonesian Rupiah (IDR), Australian Dollar (AUD) and Japanese Yen (JPY). Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in a currency that is not the entity's functional currency.

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36. Financial risk management (continued)

- (a) Market risk (continued)
- (i) Currency risk (continued)

The Group's currency exposure is as follows:

	United States Dollar	Singapore Dollar	Korean Won	Hong Kong Dollar	Chinese Renminbi	New Taiwan Dollar	Malaysian Ringgit	Thailand Baht	Indonesian Rupiah	Australian Dollar	Japanese Yen	Others	Total
The Group	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2016													
Financial assets:													
Cash and cash equivalents, financial assets, at fair value through profit or loss and available-for-sale	43,556	8,598	6,011	695	5,594	1,254	3,482	1,505	1,281	559	865	82	73,482
Trade and other receivables	131,943	5,901	7,655	4,203	42,072	2,345	1,852	9,332	1,722	650	36	39	207,750
Other financial assets	954	126	400	201	5	54	77	8	1	12	-	3	1,841
	176,453	14,625	14,066	5,099	47,671	3,653	5,411	10,845	3,004	1,221	901	124	283,073
Financial liabilities:													
Borrowings	(162,870)	(18,932)	(2,062)	(2,289)	-	(13,980)	(3,662)	(626)	(4)	-	-	-	(204,425)
Trade and other payables	(157,187)	(6,307)	(1,104)	(6,288)	(4,175)	(1,991)	(165)	(567)	(164)	(446)	(18)	(95)	(178,507)
	(320,057)	(25,239)	(3,166)	(8,577)	(4,175)	(15,971)	(3,827)	(1,193)	(168)	(446)	(18)	(95)	(382,932)
Net financial (liabilities)/assets	(143,604)	(10,614)	10,900	(3,478)	43,496	(12,318)	1,584	9,652	2,836	775	883	29	(99,859)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	60,749	2,868	(5,633)	3,475	(48,538)	12,415	(2,076)	(9,533)	(2,836)	(775)	(31)	-	10,085
Currency exposure	(82,855)	(7,746)	5,267	(3)	(5,042)	97	(492)	119	-	-	852	29	(89,774)

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36. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure is as follows: (continued)

	United States Dollar US\$'000	Singapore Dollar US\$'000	Korean Won US\$'000	Hong Kong Dollar US\$'000	Chinese Renminbi US\$'000	New Taiwan Dollar US\$'000	Malaysian Ringgit US\$'000	Thailand Baht US\$'000	Indonesian Rupiah US\$'000	Japanese Yen US\$'000	Others US\$'000	Total US\$'000
The Group												
2015												
Financial assets:												
Cash and cash equivalents, financial assets, at fair value through profit or loss and available-for-sale	43,748	7,352	1,940	1,262	9,712	1,287	406	305	483	1,383	168	68,046
Trade and other receivables	116,989	8,128	8,045	741	32,257	2,382	801	4,049	3,184	2,328	453	179,357
Other financial assets	1,088	106	382	196	5	53	39	10	2	284	21	2,186
	161,825	15,586	10,367	2,199	41,974	3,722	1,246	4,364	3,669	3,995	642	249,589
Financial liabilities:												
Borrowings	(135,059)	(49,584)	(1,702)	(4,291)	-	(10,264)	-	-	(6)	(1,116)	-	(202,022)
Trade and other payables	(108,027)	(16,002)	(3,423)	(4,681)	(2,217)	(1,856)	(3)	(459)	(149)	(2,065)	(585)	(139,467)
	(243,086)	(65,586)	(5,125)	(8,972)	(2,217)	(12,120)	(3)	(459)	(155)	(3,181)	(585)	(341,489)
Net financial (liabilities)/assets	(81,261)	(50,000)	5,242	(6,773)	39,757	(8,398)	1,243	3,905	3,514	814	57	(91,900)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	47,944	36,114	(4,942)	6,791	(38,817)	8,530	(1,135)	(3,773)	(3,514)	(2,573)	-	44,625
Currency exposure	(33,317)	(13,886)	300	18	940	132	108	132	-	(1,759)	57	(47,275)

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36. Financial risk management (continued)

- (a) Market risk (continued)
- (i) Currency risk (continued)

The Company's currency exposure is as follows:

	United States Dollar	Singapore Dollar	Thailand Baht	Hong Kong Dollar	New Taiwan Dollar	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Company						
2016						
Financial assets:						
Cash and cash equivalents	54	679	-	-	126	859
Trade and other receivables	11,173	1,010	210	-	-	12,393
Loans and receivables	29,333	7,542	7,434	932	-	45,241
Other financial assets	-	8	-	-	-	8
	40,560	9,239	7,644	932	126	58,501
Financial liabilities:						
Borrowings	-	(10,526)	-	-	-	(10,526)
Trade and other payables	(308)	(14,869)	-	-	(29)	(15,206)
	(308)	(25,395)	-	-	(29)	(25,732)
Net financial assets/(liabilities)	40,252	(16,156)	7,644	932	97	32,769
Less: Net financial assets denominated in the Company's functional currency	(40,252)	-	-	-	-	(40,252)
Currency exposure	-	(16,156)	7,644	932	97	(7,483)

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36. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure is as follows: (continued)

The Company	United States Dollar US\$'000	Singapore Dollar US\$'000	Thailand Baht US\$'000	Hong Kong Dollar US\$'000	New Taiwan Dollar US\$'000	Total US\$'000
2015						
Financial assets:						
Cash and cash equivalents	175	1,439	-	-	131	1,745
Trade and other receivables	8,668	1,717	-	-	-	10,385
Loans and receivables	29,473	8,428	3,737	932	-	42,570
Other financial assets	-	16	-	-	-	16
	38,316	11,600	3,737	932	131	54,716
Financial liabilities:						
Borrowings	-	(13,005)	-	-	-	(13,005)
Trade and other payables	(2,999)	(7,314)	-	-	-	(10,313)
	(2,999)	(20,319)	-	-	-	(23,318)
Net financial assets/(liabilities)	35,317	(8,719)	3,737	932	131	31,398
Less: Net financial assets denominated in the Company's functional currency	(35,317)	-	-	-	-	(35,317)
Currency exposure	-	(8,719)	3,737	932	131	(3,919)

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36. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the foreign currencies strengthen/weaken against the United States Dollar by the following percentages:

	The Group	
	2016	2015
Singapore Dollar	5%	5%
Korean Won	5%	5%
Hong Kong Dollar	1%	1%
Chinese Renminbi	5%	5%
New Taiwan Dollar	5%	5%
Malaysian Ringgit	10%	10%
Thailand Baht	10%	10%
Indonesian Rupiah	10%	10%
Australian Dollar	2%	-
Japanese Yen	10%	10%

with all other variables including the tax rate being held constant, the effects arising from the net financial asset/(liability) position will be as follows:

	2016		2015	
	Profit after income tax	Equity	Profit after income tax	Equity
	Increase/(Decrease)			
The Group	US\$'000	US\$'000	US\$'000	US\$'000
Singapore Dollar against United States Dollar				
- strengthened	(324)	(143)	(565)	(1,806)
- weakened	324	143	565	1,806
Korean Won against United States Dollar				
- strengthened	220	282	12	247
- weakened	(220)	(282)	(12)	(247)
Hong Kong Dollar against United States Dollar				
- strengthened	*	(35)	*	(68)
- weakened	*	35	*	68

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SERIAL SYSTEM LTD
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36. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	Profit after income tax	Equity	Profit after income tax	Equity
	Increase/(Decrease)			
	2016		2015	
The Group	US\$'000	US\$'000	US\$'000	US\$'000
Chinese Renminbi against United States Dollar				
- strengthened	(211)	2,427	38	1,941
- weakened	211	(2,427)	(38)	(1,941)
New Taiwan Dollar against United States Dollar				
- strengthened	4	(621)	5	(427)
- weakened	(4)	621	(5)	427
Malaysian Ringgit against United States Dollar				
- strengthened	(41)	208	9	114
- weakened	41	(208)	(9)	(114)
Thailand Baht against United States Dollar				
- strengthened	10	953	11	377
- weakened	(10)	(953)	(11)	(377)
Indonesian Rupiah against United States Dollar				
- strengthened	-	284	-	351
- weakened	-	(284)	-	(351)
Australian Dollar against United States Dollar				
- strengthened	-	16	-	-
- weakened	-	(16)	-	-
Japanese Yen against United States Dollar				
- strengthened	71	3	(144)	257
- weakened	(71)	(3)	144	(257)

Note:

* Not meaningful to disclose as the figures are less than US\$1,000.

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36. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company

Singapore Dollar against United States Dollar

- strengthened

- weakened

Thailand Baht against United States Dollar

- strengthened

- weakened

Hong Kong Dollar against United States Dollar

- strengthened

- weakened

New Taiwan Dollar against United States Dollar

- strengthened

- weakened

Profit after income tax	
← Increase/(Decrease) →	
2016	2015
US\$'000	US\$'000
(670)	(356)
670	356
634	305
(634)	(305)
8	8
(8)	(8)
4	5
(4)	(5)

(ii) Price risk

The Group is exposed to market risk of its equity securities which are classified on the consolidated statement of financial position as financial assets, at fair value through profit or loss and financial assets, available-for-sale. These investments are not hedged.

If prices for equity securities increase/decrease by 10% (2015: 10%), with all other variables including tax rate being held constant, the profit after income tax and equity will increase/decrease by:

The Group

Financial assets, at fair value through profit or loss

Listed in:

Singapore

Taiwan

Profit after income tax	
2016	2015
US\$'000	US\$'000
4	8
-	1
4	9

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SERIAL SYSTEM LTD
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36. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The Group

Financial assets, available-for-sale

Listed in:

Singapore

South Korea

Equity	
2016	2015
US\$'000	US\$'000
108	114
411	-
519	114

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risk mainly arises from bank borrowings and various trade and loan financing facilities. These facilities are from reputable banks with favourable interest rates available in the market. The Group has funds that are placed with reputable banks. The interest rates of these funds are at prevailing rates.

For the Group's borrowings at variable rates on which effective hedges have not been entered into, if the interest rates increase/decrease by 1% (2015: 1%) with all other variables including the tax rate being held constant, the profit after income tax will decrease/increase by approximately US\$1,662,000 (2015: US\$1,524,000) as a result of higher/lower interest expense on these borrowings.

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36. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

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

	Variable rates					Fixed rates		Non-interest bearing	
	Less than 6 months US\$'000	6 to 12 months US\$'000	1 to 5 years US\$'000	More than 5 years US\$'000	Less than 6 months US\$'000	6 to 12 months US\$'000	1 to 5 years US\$'000	US\$'000	US\$'000
The Group									
2016									
Assets:									
Cash and cash equivalents	-	-	-	-	2,511	1,744	-	60,898	65,153
Trade and other receivables	-	-	-	-	7,853	-	-	199,897	207,750
Financial assets, at fair value through profit or loss	-	-	-	-	755	-	-	57	812
Financial assets, available-for-sale	-	-	-	-	-	-	-	7,517	7,517
Other financial assets	-	-	820	-	-	-	-	1,021	1,841
Total financial assets	-	-	820	-	11,119	1,744	-	269,390	283,073
Liabilities:									
Borrowings	180,666	4,715	12,264	1,969	365	365	799	3,282	204,425
Trade and other payables	-	-	-	-	-	-	-	178,507	178,507
Total financial liabilities	180,666	4,715	12,264	1,969	365	365	799	181,789	382,932

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36. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

	Variable rates					Fixed rates		Non-interest bearing	Total
	Less than 6 months US\$'000	6 to 12 months US\$'000	1 to 5 years US\$'000	More than 5 years US\$'000	Less than 6 months US\$'000	6 to 12 months US\$'000	1 to 5 years US\$'000		
The Group								US\$'000	US\$'000
2015									
Assets:									
Cash and cash equivalents	-	-	-	-	1	817	-	63,230	64,048
Trade and other receivables	-	-	-	-	4,051	-	-	175,306	179,357
Financial assets, at fair value through profit or loss	-	-	-	-	1,230	-	-	114	1,344
Financial assets, available-for-sale	-	-	-	-	-	-	-	2,654	2,654
Other financial assets	-	-	1,000	-	-	-	-	1,186	2,186
Total financial assets	-	-	1,000	-	5,282	817	-	242,490	249,589
Liabilities:									
Borrowings	161,323	6,877	17,330	2,189	350	350	1,065	12,538	202,022
Trade and other payables	-	-	-	-	-	-	-	139,467	139,467
Total financial liabilities	161,323	6,877	17,330	2,189	350	350	1,065	152,005	341,489

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SERIAL SYSTEM LTD
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For the financial year ended 31 December 2016

36. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

	Variable rates				Fixed rates		Non-interest bearing	Total
	Less than 6 months US\$'000	6 to 12 months US\$'000	1 to 5 years US\$'000	Less than 6 months US\$'000	6 to 12 months US\$'000	1 to 5 years US\$'000		
The Company								
2016								
Assets:								
Cash and cash equivalents	-	-	-	1	-	-	858	859
Trade and other receivables	-	1,702	-	-	-	-	10,691	12,393
Loans and receivables	-	-	35,383	-	-	6,918	2,940	45,241
Other financial assets	-	-	-	-	-	-	8	8
Total financial assets	-	1,702	35,383	1	-	6,918	14,497	58,501
Liabilities:								
Borrowings	1,108	1,108	8,310	-	-	-	-	10,526
Trade and other payables	-	5,283	6,078	-	-	-	3,845	15,206
Total financial liabilities	1,108	6,391	14,388	-	-	-	3,845	25,732

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36. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks (continued)

	Variable rates				Fixed rates		Non-interest bearing	Total
	Less than 6 months US\$'000	6 to 12 months US\$'000	1 to 5 years US\$'000	Less than 6 months US\$'000	6 to 12 months US\$'000	1 to 5 years US\$'000		
The Company							US\$'000	US\$'000
2015								
Assets:								
Cash and cash equivalents	-	-	-	1	-	-	1,744	1,745
Trade and other receivables	-	4,435	-	-	-	-	5,950	10,385
Loans and receivables	-	-	36,210	-	-	6,360	-	42,570
Other financial assets	-	-	-	-	-	-	16	16
Total financial assets	-	4,435	36,210	1	-	6,360	7,710	54,716
Liabilities:								
Borrowings	1,131	1,131	10,743	-	-	-	-	13,005
Trade and other payables	-	-	4,481	-	-	-	5,832	10,313
Total financial liabilities	1,131	1,131	15,224	-	-	-	5,832	23,318

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SERIAL SYSTEM LTD
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36. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's and Company's major classes of financial assets are cash and cash equivalents, trade and other receivables, and loans and receivables.

For trade receivables, the Group adopts the policy of dealing with customers of good financial standing and good credit ratings based on in-house credit assessments performed in accordance to corporate credit policies and procedures and if available, professional credit reports and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with good credit quality counterparties.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are internationally dispersed. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables. As at the reporting date, the Group's trade receivables comprised eight debtors (2015: six debtors) that individually represented 2.2% to 6.7% (2015: 2.2% to 13.6%) of the Group total trade receivables.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective heads of operations, and finance departments and at the Group level by the corporate finance and management team.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as disclosed in Note 35(a) and as follows:

- (i) Trade receivables of the Group as at the reporting date amounting to US\$14,300,000 (2015: US\$13,481,000) are collateralised by certain assets of the customers, namely marketable security and real estates. The value of these collaterals can be obtained from available market valuation and is monitored periodically.
- (ii) The Group purchased credit insurance to reduce credit risk from extension of credit to the majority of its customers in the electronic components distribution business.

The credit risk for trade receivables is as follows:

	The Group	
	2016 US\$'000	2015 US\$'000 Restated
By geographical areas:		
South Asia Pacific	45,141	71,701
Hong Kong	96,257	49,028
China	40,770	30,907
South Korea	7,208	8,744
Taiwan	6,752	8,845
Others	881	2,866
	197,009	172,091

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SERIAL SYSTEM LTD
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36. Financial risk management (continued)

(b) Credit risk (continued)

Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are mainly cash with banks with high credit ratings assigned by international credit rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

There is no major class of financial assets that is past due and/or impaired except for trade and other receivables. The table below is an analysis of trade and other receivables as at the reporting date:

	The Group	
	2016	2015
	US\$'000	US\$'000
Not past due and not impaired	165,684	138,691
Past due but not impaired#	42,066	40,666
	207,750	179,357
Impaired trade receivables - collectively assessed	471	83
Less: Allowance for impairment	(471)	(83)
	-	-
Impaired trade receivables - individually assessed	4,366	2,204
Less: Allowance for impairment	(4,366)	(2,204)
	-	-
Impaired other receivables - individually assessed	379	252
Less: Allowance for impairment	(379)	(252)
	-	-
Trade and other receivables, net	207,750	179,357

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SERIAL SYSTEM LTD
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36. Financial risk management (continued)

(b) Credit risk (continued)

Aging of trade receivables that are past due but not impaired is as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Past due:		
Not more than three months	33,122	35,046
Three to six months	4,964	1,463
Over six months	3,980	4,157
	42,066	40,666

The movement in the allowance for impairment of trade receivables is as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	2,287	2,350
Acquisition of a subsidiary [Note 19(a)(iii)(e)]	1,124	-
Allowances made (Note 6)	1,472	238
Impairment written off	(39)	(273)
Currency translation differences	(7)	(28)
End of financial year (Note 12)	4,837	2,287

The movement in the allowance for impairment of other receivables is as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Beginning of financial year	252	252
Allowance made (Note 6)	127	-
End of financial year (Note 12)	379	252

The impaired trade and other receivables are overdue amounts owing from customers which remained unpaid as at the reporting date. Accordingly there are significant uncertainties on the recovery of the amounts due from these customers.

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36. Financial risk management (continued)

(c) Liquidity risk

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

	Cash flow				
	Carrying amount ⁽¹⁾ US\$'000	Contractual cash flow US\$'000	Less than 1 year US\$'000	1 to 5 years US\$'000	More than 5 years US\$'000
The Group					
2016					
Trade and other payables	178,507	178,507	178,507	-	-
Borrowings	204,425	210,211	194,449	13,076	2,686
Financial guarantee contracts	20,175	20,175	20,175	-	-
	403,107	408,893	393,131	13,076	2,686

2015					
Trade and other payables	139,467	139,467	139,467	-	-
Borrowings	202,022	205,153	182,415	20,333	2,405
Financial guarantee contracts	42,931	42,931	42,931	-	-
	384,420	387,551	364,813	20,333	2,405

The Company	Cash flow			
	Carrying amount ⁽¹⁾ US\$'000	Contractual cash flow US\$'000	Less than 1 year US\$'000	1 to 5 years US\$'000
2016				
Trade and other payables	15,206	16,327	9,356	6,971
Borrowings	10,526	10,962	2,432	8,530
Financial guarantee contracts	198,121	198,121	198,121	-
	223,853	225,410	209,909	15,501

2015				
Trade and other payables	10,313	11,096	5,989	5,107
Borrowings	13,005	13,961	2,624	11,337
Financial guarantee contracts	212,300	212,300	212,300	-
	235,618	237,357	220,913	16,444

Note:

⁽¹⁾ Includes financial guarantee commitments

Liquidity risk is managed while maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

As at the reporting date, the Group had at its disposal cash and cash equivalents amounting to US\$65,153,000 (2015: US\$64,048,000).

The amount included for financial guarantee contracts is the maximum amount the Group and the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations as at the reporting date, the Group and the Company consider that it is unlikely that such an amount will be payable under the arrangement. However, this estimate is subjected to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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36. Financial risk management (continued)

(d) Capital risk

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

Management monitors capital based on a net gearing ratio. Management's strategy, which was unchanged from the financial year 2015, is to maintain a net gearing ratio not exceeding 150% for the Group and the Company.

The net gearing ratio calculated as net debts divided by total equity is as follows:

	The Group		The Company	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Total borrowings	204,425	202,022	10,526	13,005
Less: Cash and cash equivalents	(65,153)	(64,048)	(859)	(1,745)
Net debts	139,272	137,974	9,667	11,260
Total equity	124,787	119,384	103,790	103,589
Net gearing ratio	111.6%	115.6%	9.3%	10.9%

As disclosed in Note 32(a), certain overseas subsidiaries of the Group are required to contribute to and maintain a non-distributable reserve fund whose utilisation is subject to approval by the relevant authorities. The Group are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2016 and 31 December 2015, except as disclosed in Note 25(e).

37. Fair value of assets and liabilities

(a) Fair value hierarchy

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

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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.

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SERIAL SYSTEM LTD
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37. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value

The following table presents the assets and liabilities measured at fair value as at the reporting date:

	Quoted prices in active markets for identical instruments Level 1 US\$'000	Significant observable inputs other than quoted prices Level 2 US\$'000	Significant unobservable inputs Level 3 US\$'000	Total US\$'000
The Group				
2016				
Recurring fair value measurements				
Assets				
Financial assets				
Financial assets, at fair value through profit or loss:				
Quoted securities	57	-	-	57
Convertible notes	-	755	-	755
Financial assets, available-for-sale				
Quoted securities	6,562	-	-	6,562
Total financial assets	6,619	755	-	7,374
Non-financial assets				
Investment properties				
Leasehold building	-	1,078	-	1,078
Freehold building	-	4,189	-	4,189
Total non-financial assets	-	5,267	-	5,267
Liabilities				
Derivative financial instruments				
Foreign exchange forward contracts	-	(166)	-	(166)
Contingent consideration payable	-	-	(672)	(672)
Total financial liabilities	-	(166)	(672)	(838)

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SERIAL SYSTEM LTD
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37. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value (continued)

	Quoted prices in active markets for identical instruments Level 1 US\$'000	Significant observable inputs other than quoted prices Level 2 US\$'000	Significant unobservable inputs Level 3 US\$'000	Total US\$'000
The Group				
2015				
Recurring fair value measurements				
Assets				
Financial assets				
Financial assets, at fair value through profit or loss:				
Quoted securities	114	–	–	114
Convertible notes	–	1,230	–	1,230
Financial assets, available-for-sale				
Quoted security	1,372	–	–	1,372
Total financial assets	1,486	1,230	–	2,716
Non-financial assets				
Investment properties				
Leasehold buildings	–	3,215	–	3,215
Freehold building	–	4,105	–	4,105
Total non-financial assets	–	7,320	–	7,320
Liabilities				
Derivative financial instruments				
Foreign exchange forward contracts	–	–	(768)	(768)
Contingent consideration payable	–	–	(672)	(672)
Total financial liabilities	–	–	(1,440)	(1,440)

(c) Level 1 fair value measurements

The fair values of quoted securities traded in active markets are based on quoted market prices as at the reporting date. The quoted market prices used for the quoted securities held by the Group are the closing prices as at the reporting date. These financial assets are included in Level 1.

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SERIAL SYSTEM LTD
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37. Fair value of assets and liabilities (continued)

(d) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

(i) Convertible notes

The fair values of convertible bonds that are not traded in an active market are determined by using a valuation technique. The Group uses estimated discounted cash flows technique and makes assumptions that are based on market conditions existing as at the reporting date. The model incorporates various inputs including current and expected future credit losses, and market rates of interest.

(ii) Leasehold land and buildings, and freehold buildings

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

(iii) Foreign exchange forward contracts

The fair values of foreign exchange forward contracts with short term maturities and that are not traded in an active market are determined using forward market exchange rates as at the reporting date.

There was no transfer between Level 1 and Level 2 during the financial year ended 31 December 2016 and 31 December 2015.

(e) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

Foreign exchange forward contracts

The fair values of currency forward contracts that are not traded in an active market are determined using forward market exchange rates as at the reporting date, with the resulting value discounted back to present value.

As at 31 December 2015, the discounted rate used to compute the fair values of currency forward contracts was based on the prevailing incremental cost of borrowings of the Group ranged from 2.95% to 3.03%. If the Group adjusted the cost of borrowings by increasing and decreasing 1%, with all other variables being held constant, the carrying amount of the foreign exchange forward contracts would increase/decrease by US\$6,000.

Contingent consideration payable

The information in relation to the contingent consideration liability arising from the business acquisition is disclosed in [Note 19(a)(vi)(a)].

The determination of fair value of the contingent consideration was based on the share of forecasted net profits of the subsidiary. If the Group adjusts the estimates of net profits by increasing/decreasing 5%, the carrying amount of the contingent consideration payable would increase/decrease by US\$49,000 (2015: US\$35,000).

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37. Fair value of assets and liabilities (continued)

(e) Level 3 fair value measurements (continued)

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the changes in Level 3 instruments:

	Foreign exchange forward contracts US\$'000	Contingent consideration payable US\$'000
The Group		
2016		
Beginning of financial year	768	672
Fair value gain	(57)	-
Settlements	(711)	-
End of financial year	-	672
2015		
Beginning of financial year	1,399	-
Arising from business combination [Note 19(a)(vi)(a)]	-	672
Fair value gain	(631)	-
End of financial year	768	672

(iii) Valuation policies and procedures

The Chief Financial Officer ("CFO") oversees the financial reporting valuation process and is responsible for setting and documenting the valuation policies and procedures, including the measurement of Level 3 fair values.

The CFO's office regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair value, the team assesses and documents the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

The CFO reports to the Audit Committee for significant valuation issues.

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37. Fair value of assets and liabilities (continued)

(f) Assets and liabilities not carried at fair value but for which fair value is disclosed

	Quoted prices in active markets for identical instruments Level 1 US\$'000	Significant observable inputs other than quoted prices Level 2 US\$'000	Significant unobservable inputs Level 3 US\$'000	Total US\$'000	Carrying amount US\$'000
The Group					
2016					
Assets					
Investment in an associated company	1,882	-	-	1,882	1,931
Financial liabilities					
Borrowings (non-current)					
Bank borrowings	-	-	14,553	14,553	15,007
Finance lease liabilities	-	-	19	19	25
	-	-	14,572	14,572	15,032
2015					
Assets					
Investment in an associated company	6,243	-	-	6,243	5,919
Financial liabilities					
Borrowings (non-current)					
Bank borrowings	-	-	19,765	19,765	20,540
Finance lease liabilities	-	-	39	39	44
	-	-	19,804	19,804	20,584
The Company					
2016					
Assets					
Investment in an associated company	1,702	-	-	1,702	4,872
Financial liabilities					
Borrowings (non-current)					
Bank borrowings	-	-	8,025	8,025	8,310
2015					
Assets					
Investment in an associated company	5,645	-	-	5,645	6,792
Financial liabilities					
Borrowings (non-current)					
Bank borrowings	-	-	10,267	10,267	10,743

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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37. Fair value of assets and liabilities (continued)

- (f) Assets and liabilities not carried at fair value but for which fair value is disclosed (continued)
- (i) The fair values of bank borrowings and finance lease liabilities are estimated using discounted expected future cash flows at market incremental lending rate for similar type borrowings or leasing arrangements at the reporting date.
- (ii) The carrying amounts of other financial assets and liabilities recognised as at 31 December 2016 and 31 December 2015, with maturity of less than one year approximate their fair values due to their short term maturities.
- (g) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value:

	Carrying amount		Fair value	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
The Group				
Financial assets, available-for-sale	955	1,282	*	*

Note:

- * Fair value information has not been disclosed for the Group's financial assets, available-for-sale that are carried at cost because fair value of these equity securities cannot be measured reliably. These equity securities are not quoted on any market and there are also no recent observable arm's length transactions in these shares.

38. Related party transactions

A related party is a person or entity who is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) an entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and (viii) the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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38. Related party transactions (continued)

(a) Sales and purchases of goods and services

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

	The Group	
	2016	2015
	US\$'000	US\$'000
With associated companies:		
Sales of goods to associated companies	237	1,327
Purchases of goods from associated companies	4	190
Interest paid to an associated company	-	26
Interest received from an associated company	32	33
Rental received from an associated company	130	139
Fee received from an associated company	10	16
With key management personnel:		
Rental expense paid to a company related to the director	9	13
Acquisition of a property from a company related to the director	797	-

Outstanding balances as at the reporting date arising from sales/purchases of goods and services, are set out in Note 12 and Note 24 respectively.

Sales and purchases of goods and services were carried out on commercial terms and conditions as agreed between the parties.

(b) Share options granted/exercised by directors of the Company

There were no share options granted to or exercised by directors of the Company during the financial year ended 31 December 2016 and 31 December 2015. There were no outstanding share options granted to the directors of the Company at 31 December 2016 and 31 December 2015.

(c) Key management personnel compensation

Key management personnel compensation is analysed as follows:

	The Group	
	2016	2015
	US\$'000	US\$'000
Salaries and other short-term employees' benefits	3,960	3,762
Post employment benefits contribution to defined contribution plans	87	70
Other long term benefits	391	-
	4,438	3,832

Included in the above are remuneration (including salaries, bonuses, directors' fees and other emoluments). Fees payable to directors of the Company amounted to US\$152,000 (2015: US\$177,000).

The banding of directors' remuneration is disclosed in Note 1 of the Additional Requirements of Singapore Exchange Securities Trading Limited's Listing Manual.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

39. Segment information

(a) Operating segments

Management has determined the operating segments based on the reports reviewed to make strategic decisions. Management considers the business from both geographic and business segment perspective. The Group has three reportable segments, as described below, which are the Group's strategic business units based on different products ranges targeting at different market channels.

- Electronic components distribution
- Consumer products distribution
- Other businesses

Other businesses include investment holding and trading, rental of investment properties, hospitality and healthcare solutions and outdoor advertising media, assembly and distribution of medical devices and ethylene oxide sterilization, provision of laundry services in the hospitality industry, project financing, food manufacturer and caterer and distribution and trading of mobile phone's subscriber identity module (SIM) cards and top up cards.

The operating segments are formed by aggregating across the results of the Group's entities whose principal activities fall within the same operating segment as listed above. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Performance is measured based on sales, gross profit and profit after tax, as included in the internal management reports that are reviewed by the Group's CEO and CFO on a monthly basis. These criteria are used to measure performance as management believes that such information are the most relevant in evaluating the results of each entity within the same operating segment. Inter-segment transactions are determined on an arm's length basis.

Segment assets comprise primarily cash and cash equivalents, trade and other receivables, inventories, financial assets at fair value through profit or loss, other current assets, loans and receivables, financial assets, available-for-sale, investments in associated companies, property, plant and equipment, investment properties, intangible assets and other assets. Segment assets exclude deferred income tax assets.

Segment liabilities comprise primarily trade and other payables, defined benefit plans liabilities and borrowings. Segment liabilities exclude items such as current income tax liabilities and deferred income tax liabilities.

Segment assets and liabilities are presented net of inter-segment balances.

Capital expenditure comprises additions to property, plant and equipment, investment properties and intangible assets such as computer software license costs and distribution rights.

The investments in associated companies, as disclosed in Note 18(a), are accounted for by the equity method. The investments and the share of results of Bull Will Co., Ltd, Globaltronics International Pte. Ltd. and Unitrontech China Co. Ltd are shown separately in conjunction with data for the electronic components distribution business. The investment and the share of results of Achieva Technology Pte. Ltd. for the financial year ended 31 December 2015 are shown separately in conjunction with data for consumer products distribution business. The investments and the share of results of SPL Holdings (Australia) Pty Ltd, Tong Chiang Group Pte. Ltd., Edith-United International Pte Ltd, Eunice Food Catering Pte. Ltd. and Imperial Kitchen Catering Pte. Ltd. are shown separately in conjunction with data for other businesses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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39. Segment information (continued)

(a) Operating segments (continued)

The Group	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Total US\$'000
2016				
Sales – external	1,225,222	173,252	4,109	1,402,583
Segment results - operating profit/(loss)	29,047	(4,023)	(1,668)	23,356
Finance income	162	42	962	1,166
Finance costs	(6,757)	(936)	(596)	(8,289)
Share of result of associated companies (after income tax)	(4,004)	(1)	56	(3,949)
Profit before income tax				12,284
Income tax expense				(6,937)
Profit after income tax				5,347
Segment assets	406,427	51,567	37,159	495,153
Investments in associated companies	2,338	–	14,400	16,738
Deferred income tax assets	–	–	–	711
Consolidated total assets				512,602
Segment liabilities	169,511	7,546	1,992	179,049
Borrowings	168,344	16,409	19,672	204,425
Current and deferred income tax liabilities	–	–	–	4,341
Consolidated total liabilities				387,815
Capital expenditure on property, plant and equipment	2,088	143	151	2,382
Capital expenditure on intangible assets (computer software license costs)	184	–	1	185
Acquisition of interests in associated companies	450	–	–	450
Acquisition of additional interests in an associated company	–	–	4,996	4,996
Deposit for additional investment in an associated company	–	–	1,505	1,505
Depreciation of property, plant and equipment	1,669	199	1,623	3,491
Amortisation of computer software license costs	294	16	1	311
Amortisation of distribution rights	6	–	–	6
Fair value gain on investment properties	(218)	–	(10)	(228)
Impairment losses on goodwill arising from acquisition of subsidiaries	–	1,100	–	1,100
Impairment losses on trade receivables	457	974	41	1,472
Impairment losses on other receivables	127	–	–	127

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

39. Segment information (continued)

(a) Operating segments (continued)

The Group	Electronic components distribution US\$'000	Consumer products distribution US\$'000	Other businesses US\$'000	Total US\$'000
2015				
Sales – external	1,060,859	154,814	5,889	1,221,562
Segment results - operating profit/(loss)	22,608	(1,099)	1,521	23,030
Unallocated gain	–	–	–	50
Finance income	248	16	107	371
Finance costs	(5,777)	(354)	(603)	(6,734)
Share of result of associated companies (after income tax)	(1,189)	(1,218)	835	(1,572)
Profit before income tax				15,145
Income tax expense				(3,841)
Profit after income tax				11,304
Segment assets	345,642	69,768	30,320	445,730
Investments in associated companies	5,918	1,832	10,979	18,729
Deferred income tax assets	–	–	–	662
Consolidated total assets				465,121
Segment liabilities	120,830	17,107	2,344	140,281
Borrowings	146,384	33,152	22,486	202,022
Current and deferred income tax liabilities	–	–	–	3,434
Consolidated total liabilities				345,737
Capital expenditure on property, plant and equipment	819	520	406	1,745
Capital expenditure on intangible assets (computer software license costs)	278	–	–	278
Acquisition of interests in associated companies	–	–	3,165	3,165
Acquisition of additional interests in an associated company	127	–	–	127
Depreciation of property, plant and equipment	1,620	148	797	2,565
Amortisation of computer software license costs	324	10	–	334
Amortisation of distribution rights	1,116	–	–	1,116
Fair value gain on investment properties	–	–	(205)	(205)
Impairment losses on goodwill arising from acquisition of subsidiaries	720	–	–	720
Impairment losses on trade receivables	216	14	8	238

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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39. Segment information (continued)

(b) Geographical segments

For the financial year ended 31 December 2016, management reassessed and changed the geographical segments from the previous nine primary geographic areas to five broad primary geographic areas, namely: South Asia Pacific [consisting of Singapore (the home and principal operating country of the Group), Malaysia, Thailand, Philippines, Indonesia, Vietnam, Cambodia and India], Hong Kong, China, South Korea and Taiwan. Accordingly, the comparatives figures for financial year ended 31 December 2015 has been restated to reflect the change. Management believes that the change will better reflect the current business process and monitoring in these primary geographic business segments in which the Group operates in.

All geographic locations are engaged in the electronic components distribution business except for Cambodia.

Consumer products distribution in South Asia Pacific consists mainly Singapore, Malaysia, Indonesia and Cambodia. Australia, Kazakhstan, United Arab Emirates and Bangladesh are included in "Others" geographical segment.

Other businesses in South Asia Pacific (mainly Singapore, Malaysia, Thailand and Cambodia), Taiwan, China and Australia include investment holding and trading, rental of investment properties, hospitality and healthcare solutions and outdoor advertising media, assembly and distribution of medical devices and ethylene oxide sterilization, provision of laundry services in the hospitality industry, project financing, food manufacturer and caterer and distribution and trading of mobile phone's subscriber identity module (SIM) cards and top up cards.

Sales are based on the country in which the customers are located. Non-current assets are shown by the geographical area where the assets are located.

The Group	Sales		Non-current assets*	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
		Restated		Restated
South Asia Pacific	411,187	402,000	23,950	25,631
Hong Kong	738,571	558,904	1,347	1,368
China	114,199	102,396	18,089	19,460
South Korea	54,595	64,824	5,936	6,234
Taiwan	61,220	59,406	7,740	7,451
Singapore				
- Associated company	-	-	3,401	5,005
Taiwan				
- Associated company	-	-	1,931	5,919
Australia				
- Associated company	-	-	11,000	7,805
Hong Kong				
- Associated company	-	-	406	-
Others	22,811	34,032	14	334
	1,402,583	1,221,562	73,814	79,207

Note:

* Non-current assets exclude financial assets, at fair value through profit or loss, financial assets, available-for-sale and deferred income tax assets.

(c) Information about major customers

Sales of approximately US\$77,951,000 (2015: US\$141,557,000) during the financial year were derived from a single external customer. These sales were attributable to the electronic components distribution segment in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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40. Events after the reporting date

- (a) On 14 February 2017, the Company increased the paid up share capital of its wholly owned subsidiary, SCE Enterprise Pte. Ltd., from S\$2,428,000 (US\$1,858,000) to S\$5,316,000 (US\$3,858,000), pursuant to the issuance of 2,888,000 new ordinary shares via the capitalisation of a loan amount for US\$2,000,000.
- (b) On 23 February 2017, the Company's wholly owned subsidiary, Serial System International Pte. Ltd. increased its investment in associated company, Tong Chiang Group Pte. Ltd., pursuant to the subscription of its full entitlement of 54,335 shares at the subscription price of S\$40.00 (US\$28.16) per share totalling about S\$2,173,000 (US\$1,530,000). Derek Goh Bak Heng, a director of the Company has also subscribed for his full entitlement of 6,468 shares totalling about S\$259,000 (US\$182,000). The Group and Derek Goh Bak Heng's shareholding in Tong Chiang Group Pte. Ltd. remained at 21% and 2.5% respectively, before and after the share subscription.
- (c) On 23 February 2017 as announced by the Company, it has received notice that the Securities and Futures Investors Protection Center of Taiwan has filed a civil suit against the Company and three of its senior executives amounting to US\$3.63 million (NT\$113.7 million). The civil suit arose due to charges brought by the public prosecutor of New Taipei District Prosecutor Office against Bull Will Co., Ltd's former chairman, Peter Ho I-Chin, for an alleged financial statement fraud. Based on the legal opinion of the Company's lawyers in Taiwan, the civil suit is without merit and unlikely to succeed. Bull Will has insured its directors and supervisors with a US\$5 million liability insurance which is adequate to cover the civil suit.

41. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors of Serial System Ltd on 28 March 2017.

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S LISTING MANUAL

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
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1. Directors' remuneration

The following information relates to remuneration of Directors of the Company during the financial year:

	2016	2015
Number of Directors of the Company in remuneration bands:		
S\$2,000,000 to S\$2,249,999	1*	–
S\$1,500,000 to S\$1,749,999	–	1
S\$0 to S\$249,999	5	5
Total	6	6

* Includes a deferred compensation of S\$525,070 as detailed on page 33 and page 34 of the Annual Report

2. Auditors' remuneration

The following information relates to remuneration of auditors of the Company and the Group during the financial year:

	2016 US\$'000	2015 US\$'000
Auditors' remuneration paid/payable to:		
auditors of the Company	235	220
other auditors*	203	170
Other fees paid/payable to other auditors*	4	13

Note:

* Includes Moore Stephens firms of Moore Stephens International Limited outside Singapore

3. Risk management

(a) Operational risk

The Group's electronic components distribution business, consumer products distribution and other businesses face constant market risks from technology obsolescence, competition, business and market condition changes. As the Group is engaged in a wide range of products and has a good mix of business serving various industries, it is unlikely that there is a significant concentration of risks in any particular area. The Group operates primarily in Singapore, Hong Kong, China, South Korea, Taiwan, Malaysia, Australia, Thailand, Philippines, India, Indonesia, Vietnam, Cambodia and United Arab Emirates. The Group has no reasons to believe these countries are politically unstable. The Group's Corporate Management Team oversees and manages the operations closely with regular business reviews and meetings with operation executives.

(b) Investment risk

The Group invests to enhance growth as well as for strategic alliances and risk diversifications. The corporate management team and key executives of its subsidiaries constantly review its investment portfolios. The Group's independent directors serve as advisors and collectively the board of directors of the Company reviews and approves all investment decisions. Impairment in investment is constantly reviewed and necessary allowances are made as recommended where applicable.

As in all business acquisitions, there is always an adjustment period before the systems of the new business can be fully integrated into the Group's operations. To minimise disruption and to ensure continuity in the operations of the Group's acquired entities after the acquisitions, the Group takes appropriate steps to ensure minimum disruptions to the existing business structure of the acquired entities and that key personnel will continue to be employed by the Group where appropriate.

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S LISTING MANUAL

For the financial year ended 31 December 2016

SERIAL SYSTEM LTD
AND ITS SUBSIDIARIES

4. Material contracts

There is no material contract entered into by the Company or any of its subsidiaries involving the interest of the chief executive officer, any director or controlling shareholder of the Company, either still subsisting at the end of the year or entered into since the end of the previous financial year.

5. Investment Properties of the Group

Major properties held for investment as at 31 December 2016 are:

Location	Description	Existing Use	Tenure	Unexpired term of lease
3rd Floor No.193,195,197,199, Ruei Hu Street Neihu,Taipei Taiwan	1 storey of a 5-storey commercial building	Commercial	Freehold	–
Room 515 Building B3, Fortune Plaza No. 3 Shinhua Road Futian Free Trade Zone Futian district, Shenzhen City China.	1 office unit of a 7-storey commercial building	Commercial	Leasehold	27 years

STATISTICS OF SHAREHOLDINGS

As at 24 March 2017

SERIAL SYSTEM LTD

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	US\$ 72,648,475
Issued and Fully Paid-Up Capital (excluding Treasury Shares)	:	US\$ 71,912,470
Number of Issued Shares (excluding Treasury Shares)	:	895,841,914
Number/Percentage of Treasury Shares	:	9,946,000 (1.11%)
Class Of Shares	:	Ordinary share
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	388	6.91	8,340	0.00
100 - 1,000	673	11.98	413,117	0.05
1,001 - 10,000	2,472	44.02	10,859,664	1.21
10,001 - 1,000,000	2,041	36.34	128,734,468	14.37
1,000,001 and above	42	0.75	755,826,325	84.37
Total	5,616	100.00	895,841,914	100.00

Top Twenty Largest Shareholders

Name of Shareholder	Number of Shares	%
Derek Goh Bak Heng	123,919,054	13.83
Goi Seng Hui	100,707,038	11.24
Hong Leong Finance Nominees Pte Ltd	82,526,500	9.21
Maybank Nominees (S) Pte Ltd	79,837,000	8.91
UOB Nominees (2006) Pte Ltd	51,334,016	5.73
Raffles Nominees (Pte) Ltd	44,407,328	4.96
OCBC Securities Private Ltd	37,965,810	4.24
Goh Tiong Yong	35,312,500	3.94
Tee Yih Jia Food Manufacturing Pte Ltd	24,862,800	2.78
Ho Yung	24,576,200	2.74
DBS Nominees Pte Ltd	13,908,507	1.55
Philip Securities Pte Ltd	13,333,381	1.49
Chin Yeow Hon	11,142,842	1.24
United Overseas Bank Nominees Pte Ltd	10,985,924	1.23
Kim Sang Yeol	10,807,920	1.21
Tan Cheng Hwee	9,840,000	1.10
Yu Jie	8,649,064	0.97
Citibank Nominees Singapore Pte Ltd	8,346,525	0.93
Goh Lip Ming	7,500,000	0.84
OCBC Nominees Singapore Pte Ltd	6,048,136	0.67
Total	706,010,545	78.81

Substantial Shareholders

(including shares held under nominees accounts)

Name of Substantial Shareholder	Direct Interest Number of Shares	Deemed Interest Number of Shares	Total Interest Number of Shares	%
Derek Goh Bak Heng	355,090,070	–	355,090,070	39.64
Goi Seng Hui	100,707,038	24,862,800*	125,569,838	14.02

* Goi Seng Hui is deemed to have an interest in 24,862,800 shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.

The Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited. As at 24 March 2017, approximately 41.85% of the Company's ordinary shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

SERIAL SYSTEM LTD

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Serial System Ltd (the “Company”) will be held at 8 Ubi View #05-01 Serial System Building Singapore 408554, on Friday, 28 April 2017 at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and Directors’ Statement and the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To declare a one-tier tax-exempt Final Cash Dividend of S\$0.17 cent per ordinary share for the financial year ended 31 December 2016 (2015: One-tier tax-exempt Final Cash Dividend of S\$0.50 cent per ordinary share). **(Resolution 2)**
3. To approve the payment of Directors’ Fees of S\$219,000 (US\$152,000) for the financial year ended 31 December 2016 [2015: S\$243,000 (US\$177,000)]. **(Resolution 3)**
4. To re-elect Mr. Ravindran s/o Ramasamy as Director, who retires by rotation pursuant to Article 89 of the Company’s Constitution.

Mr. Ravindran s/o Ramasamy will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. **(Resolution 4)**
5. To re-elect Mr. Ng Cher Yan as Director, who retires by rotation pursuant to Article 88 of the Company’s Constitution.

Mr. Ng Cher Yan will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. **(Resolution 5)**
6. To re-appoint Messrs Moore Stephens LLP as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting, and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolution No. 7, Resolution No. 8 and Resolution No. 9 as Ordinary Resolutions and Resolution No. 10 as a Special Resolution, with or without any modifications:

7. Share Issue Mandate

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares (“Shares”) whether by way of rights, bonus or otherwise, and/or grant offers, agreements of 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) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:
 - (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the share capital of the Company;

NOTICE OF ANNUAL GENERAL MEETING

SERIAL SYSTEM LTD

- (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) of the Company as at the date of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercising share options outstanding at the time this Resolution is passed; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the term of such convertible securities.

(See Explanatory Note (i) below)

(Resolution 7)

8. Authority to offer and grant share options and to allot and issue Shares under the Serial System Employee Share Option Scheme 2014

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to offer and grant share options in accordance with the provisions of the Serial System Employee Share Option Scheme 2014 (the "2014 Scheme"), and to allot and issue from time to time such number of Shares in the Company as may be required to be issued pursuant to the exercise of share options granted under the 2014 Scheme, provided that the aggregate number of Shares issued and issuable pursuant to the 2014 Scheme, when added to the aggregate number of Shares issued and issuable pursuant to all other share schemes of the Company, shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time to time and provided also that, subject to such adjustments as may be made to the 2014 Scheme as a result of any variation in the capital structure of the Company.

(See Explanatory Note (ii) below)

(Resolution 8)

9. Proposed renewal of the Share Buyback Mandate

That:

- (a) for the purposes of the Companies Act, Chapter 50 of Singapore (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
 - (i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or
 - (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

NOTICE OF ANNUAL GENERAL MEETING

SERIAL SYSTEM LTD

- (b) the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company is held or is required by law to be held;
 - (ii) the date on which the share buybacks have been carried out to the full extent of the Share Buyback Mandate; or
 - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;
- (c) in this Resolution:

“Prescribed Limit” means 80,632,791 Shares;

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

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

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

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

(See Explanatory Note (iii) below)

(Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

SERIAL SYSTEM LTD

10. Proposed adoption of the New Constitution

That:

- (a) the regulations contained in the new Constitution of the Company as set out in the Appendix I dated 6 April 2017 accompanying this Notice of Annual General Meeting be and are hereby approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution; and
- (b) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient, necessary, desirable or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."

(See Explanatory Note (iv) below)

(Resolution 10)

11. To transact any other ordinary business which may be properly transacted at an Annual General Meeting of the Company.

By Order of the Board

Alex Wui Heck Koon
Company Secretary

Singapore
6 April 2017

Explanatory Notes on Special Business to be transacted:

- (i) The proposed Ordinary Resolution No.7, if passed, will empower the Directors of the Company from date of the above Annual General Meeting until the date of next Annual General Meeting, to allot and issue ordinary shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis. For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options outstanding at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.
- (ii) The proposed Ordinary Resolution No.8, if passed, will empower the Directors of the Company to offer and grant share options under the 2014 Scheme (which was approved at an Extraordinary General Meeting of the Company held on 26 April 2014) and to allot and issue Shares pursuant to the exercise of share options under the 2014 Scheme up to an amount which, when added to the aggregate number of Shares issued and issuable pursuant to all other share schemes of Company, shall not exceed fifteen per centum (15%) of the total number of issued Shares (excluding treasury shares) of the Company from time to time and provided also that, subject to such adjustments as may be made to the 2014 Scheme as a result of any variation in the capital structure of the Company.
- (iii) The proposed Ordinary Resolution No.9, if passed, will authorise the Directors of the Company from the date of the above Annual General Meeting to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Buyback Mandate does not exceed the Prescribed Limit, and at such price or prices as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to this proposed Ordinary Resolution is set out in the Appendix I enclosed together with the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

SERIAL SYSTEM LTD

- (iv) The proposed Special Resolution No.10, if passed, will allow the Company to adopt a new Constitution following the wide-ranging changes to the Companies Act Chapter 50 of Singapore introduced by Companies (Amendment) Act 2014. The amendments came into effect in two phases, on 1 July 2015 and 3 January 2016 respectively. The new Constitution will also be updated for consistency with the prevailing rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") in compliance with Rule 730(2) of the Listing Manual of the SGX-ST and to address other regulatory changes, such as the personal data protection regime in Singapore. The Company is also taking the opportunity to incorporate certain other general changes. The information relating to Special Resolution No.10 is set out in the Appendix I enclosed together with the Annual Report.

Notes:-

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

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

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Ubi View #05-01 Serial System Building Singapore 408554, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxies to vote on its behalf. If the member is a corporation, the instrument appointing a proxy must be executed under common seal or the hand of its duly authorised officer or attorney.
5. A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for the holding of the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

Personal data privacy:

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

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

SERIAL SYSTEM LTD

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 9 May 2017 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544 up to 5.00 p.m. on 8 May 2017 will be registered to determine shareholders' entitlements to the proposed dividend.

Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares at 5.00 p.m. on 8 May 2017 will be entitled to the proposed dividend.

The proposed dividend, if approved by the members at the Annual General Meeting to be held on 28 April 2017, will be paid on 30 May 2017.

By Order of the Board

Alex Wui Heck Koon
Company Secretary

Singapore
6 April 2017

APPENDIX TO SHAREHOLDERS DATED 6 APRIL 2017

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Appendix is circulated to the shareholders (the “**Shareholders**”) of Serial System Ltd (the “**Company**”) together with the Company’s annual report for the financial year ended 31 December 2016 (the “**Annual Report 2016**”). Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders’ approval for, the renewal of the Share Buyback Mandate (as defined in this Appendix) and the proposed adoption of the New Constitution (as defined in this Appendix) to be tabled at the annual general meeting of the Company to be held on Friday, 28 April 2017 at 11.00 a.m. at 8 Ubi View #05-01 Serial System Building Singapore 408554.

The ordinary resolution proposed to be passed in respect of the renewal of the Share Buyback Mandate and the special resolution to be passed in respect of the adoption of the New Constitution are set out in the notice of annual general meeting. The notice of the annual general meeting and a proxy form are enclosed with the Annual Report 2016.

Your attention is drawn to page 193 of this Appendix in respect of actions to be taken if you wish to attend and vote at the annual general meeting.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

If you have sold all your Shares (as defined in this Appendix), you should immediately forward this Appendix, the Annual Report 2016 and proxy form to the purchaser or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.

If you are in any doubt as to the contents herein or as to any action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

**SERIAL SYSTEM LTD**

(Incorporated in the Republic of Singapore on 22 April 1992)
(Company Registration Number: 199202071D)

APPENDIX TO SHAREHOLDERS**IN RELATION TO**

- (1) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND**
- (2) THE PROPOSED ADOPTION OF THE NEW CONSTITUTION**

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DEFINITIONS

For the purpose of this Appendix, the following definitions have, where appropriate, been used:

"2011 EGM"	: The extraordinary general meeting of the Company held on 23 April 2011
"2017 AGM"	: The annual general meeting of the Company to be held on 28 April 2017 at 11.00 a.m. at 8 Ubi View #05-01 Serial System Building Singapore 408554, notice of which is enclosed with the Annual Report 2016
"AGM"	: The annual general meeting of the Company
"Amendment Act"	: Has the meaning ascribed to it in Section 3.1 of this Appendix
"Annual Report 2016"	: The annual report of the Company for FY2016
"Approval Date"	: Has the meaning ascribed to it in Section 2.3.1 of this Appendix
"Associates"	: Shall bear the meaning assigned to it by the Listing Manual
"Average Closing Price"	: Has the meaning ascribed to it in Section 2.3.4 of this Appendix
"Board"	: The board of the Directors of the Company for the time being
"CDP"	: The Central Depository (Pte) Limited
"Companies Act"	: The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"Company"	: Serial System Ltd
"Controlling Shareholder"	: A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"date of the making of the offer"	: Has the meaning ascribed to it in Section 2.3.4 of this Appendix
"Directors"	: Directors of the Company for the time being
"EPS"	: Earnings per Share
"Existing Constitution"	: Has the meaning ascribed to it in Section 3.2 of this Appendix
"Full Share Purchase"	: Has the meaning ascribed to it in Section 2.9.4.2 of this Appendix
"FY"	: Financial year ended or ending 31 December, as the case may be
"Group"	: The Company and its subsidiaries
"Latest Practicable Date"	: 24 March 2017, being the latest practicable date prior to the printing of this Appendix
"Listing Manual"	: The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
"Market Day"	: A day on which the SGX-ST is open for trading in securities
"Market Purchase"	: Has the meaning ascribed to it in Section 2.3.3(a) of this Appendix

"Maximum Price"	: Has the meaning ascribed to it in Section 2.3.4 of this Appendix
"Memorandum"	: The Memorandum of Association of the Company
"New Constitution"	: The new constitution of the Company as set out in Schedule A to this Appendix proposed to be adopted by the Company
"NTA"	: Net tangible assets
"Off-Market Purchase"	: Has the meaning ascribed to it in Section 2.3.3(b) of this Appendix
"Ordinary Resolution"	: The ordinary resolution relating to the renewal of the Share Buyback Mandate, as set out in the notice of the 2017 AGM
"Prescribed Limit"	: Has the meaning ascribed to it in Section 2.3.1 of this Appendix
"Proposed Resolutions"	: Has the meaning ascribed to it in Section 1 of this Appendix
"public"	: Persons other than the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Group, and their Associates
"Registrar"	: Has the meaning ascribed to it in Section 2.10 of this Appendix
"Relevant Period"	: Has the meaning ascribed to it in Section 2.3.2 of this Appendix
"Securities Account"	: Securities account maintained by a Depositor with CDP but not including securities sub-account maintained with a Depository Agent
"Securities and Futures Act"	: The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"Share Buyback"	: The buyback of Shares by the Company pursuant to the terms of the Share Buyback Mandate
"Share Buyback Mandate"	: The general mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in Section 2 of this Appendix
"Shareholders"	: Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term "Shareholders" shall in relation to such Shares mean the Depositors whose Securities Accounts with CDP are credited with the Shares
"Shares"	: Ordinary shares in the capital of the Company
"SIC"	: The Securities Industry Council
"Special Resolution"	: The special resolution relating to the proposed adoption of the New Constitution, as set out in the notice of the 2017 AGM
"subsidiaries"	: The subsidiaries of a company (as defined in Section 5 of the Companies Act) and "subsidiary" shall be construed accordingly
"Substantial Shareholder"	: A Shareholder whose interests in the Company's issued share capital is equal to or more than 5%
"Take-over Code"	: The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time

Currencies and others

"S\$", "\$" and "cents"	: Singapore dollars and cents respectively
"US\$"	: United States dollar, being the lawful currency of the United States of America
"%" or "per cent"	: Per centum or percentage

Any reference in this Appendix to: (a) Dr. Derek Goh shall refer to Dr. Derek Goh Bak Heng; (b) Mr. Sean Goh shall refer to Mr. Sean Goh Su Teng; and (c) Mr. Sean Goh's spouse shall refer to Mdm. Ho Chi Chia Brenda, respectively.

The terms **"Depositor"**, **"Depository Register"** and **"Depository Agent"** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term **"treasury share"** shall have the meaning ascribed to it in Section 4 of the Companies Act.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall, where applicable, include corporations.

Any reference to a time of a day in this Appendix is a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

SERIAL SYSTEM LTD

(Incorporated in the Republic of Singapore on 22 April 1992)
(Company Registration Number: 199202071D)

Directors :

Dr. Derek Goh Bak Heng (Executive Chairman and Group CEO)
Mr. Tan Lye Heng Paul (Non-Executive and Lead Independent Director)
Mr. Ravindran s/o Ramasamy (Non-Executive and Independent Director)
Mr. Ng Cher Yan (Non-Executive and Independent Director)
Mr. Goi Kok Neng (Non-Executive Director)

Registered Office :

8 Ubi View #05-01
Serial System Building
Singapore 408554

6 April 2017

To: The Shareholders of Serial System Ltd

(1) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND

(2) THE PROPOSED ADOPTION OF THE NEW CONSTITUTION

Dear Shareholder,

1. INTRODUCTION

We refer to the following proposed resolutions which are set out in the notice of the 2017 AGM:

- (a) the ordinary resolution, set out as Resolution 9, in relation to the proposed renewal of the Share Buyback Mandate; and
- (b) the special resolution, set out as Resolution 10, in relation to the proposed adoption of the New Constitution,

(collectively, the “**Proposed Resolutions**”).

The purpose of this Appendix is to provide Shareholders with relevant information pertaining to the proposed renewal of the Share Buyback Mandate and the proposed adoption of the New Constitution, and to seek Shareholders’ approval in relation thereto at the 2017 AGM.

The SGX-ST takes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Manual, the Constitution of the Company and such other laws and regulations as may for the time being be applicable.

At the 2011 EGM, the Shareholders had approved the Share Buyback Mandate to enable the Company to purchase or otherwise acquire Shares. The mandate was last renewed at the AGM held on 22 April 2016, and will unless renewed again, expire on the date of the 2017 AGM.

In this regard, approval is now being sought from Shareholders for the renewal of the Share Buyback Mandate at the 2017 AGM. The Ordinary Resolution will be proposed, pursuant to which authority will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares on the terms of the Share Buyback Mandate.

If approved, the renewal of the Share Buyback Mandate will take effect from the date of the 2017 AGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, whichever is the earlier, unless prior thereto, Share Buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in a general meeting.

2.2 Rationale

The Directors are of the view that a Share Buyback, conducted at an appropriate price level, may enhance the return on equity of the Group and increase Shareholders' value. Share Buybacks are a cost-efficient and effective method of returning to the Shareholders surplus cash over and above the Company's ordinary capital requirements, and provide the Directors greater flexibility over the Company's share capital structure with a view to enhancing the EPS and/or NTA value per Share.

The Directors are also of the view that Share Buybacks may help mitigate short-term market volatility and offset the effects of short-term speculation, as well as bolster the confidence of Shareholders.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases via Market Purchases or Off-Market Purchases, after taking into account the amount of cash available and the prevailing market conditions. The Directors do not propose to carry out Share Buybacks to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity, the orderly trading of the Shares and/or the financial position of the Group, taking into account the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

2.3 Terms of the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The Companies Act provides that the total number of shares that may be purchased or acquired by a company shall not exceed that number of shares representing not more than 10% of the issued ordinary share capital of the company (excluding treasury shares) as at the date of the general meeting at which the renewal of its share buyback mandate is approved (the "**Approval Date**") (unless the company has effected a reduction of the share capital of the company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the company shall be taken to be the number of the issued ordinary shares of the company as altered, excluding any treasury shares that may be held by the company from time to time). Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

For illustrative purposes only, assuming that the Company has 895,841,914 Shares as at the date of the 2017 AGM (being the number of Shares as at the Latest Practicable Date, excluding treasury shares and assuming no change in the number of Shares on or prior to the date of the 2017 AGM), not more than 89,584,191 Shares representing approximately 10% of the Company's existing issued ordinary share capital (excluding treasury shares) may be purchased or acquired by the Company, pursuant to the limits set out in the Companies Act.

Notwithstanding the above, subject to the limits under Section 761(1) of the Companies Act in respect of a company's shares held in treasury, the maximum number of Shares that the Company can purchase or acquire and hold in treasury (assuming no change in the number of Shares held in treasury on or prior to the 2017 AGM) will be 80,632,791 Shares, instead of the aforesaid 10% of the total number of issued Shares (excluding treasury shares), i.e. 89,584,191 Shares. As such, the Company is seeking a Share Buyback Mandate to enable the Company to purchase or otherwise acquire Shares of up to a maximum of 80,632,791 Shares (the "**Prescribed Limit**") at the 2017 AGM. Please refer to Section 2.7.2 of this Appendix for further details.

2.3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (a) the date on which the next AGM of the Company is held or is required by law to be held;
- (b) the date on which the Share Buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Shareholders in general meeting,

(the "**Relevant Period**").

2.3.3 Manner of purchase of Shares

Purchases of Shares may be made by way of, *inter alia*:

- (a) on-market purchases ("**Market Purchase**") transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of shares are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;
- (b) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buyback;
- (d) the consequences, if any, of Share Buybacks by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Buyback, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share Buyback made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined hereinafter),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes:

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

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

2.4 **Status of purchased Shares under the Share Buyback Mandate**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.5 **Treasury shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 Maximum holdings

The aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of Shares.

In the event that the number of treasury shares held by the Company exceeds 10% of the total number of Shares, the Company shall dispose of or cancel the excess Shares within six (6) months of the day on which such contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Furthermore, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

2.5.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Pursuant to Rule 704(28) of the Listing Manual, the Company will immediately announce any sale, transfer, cancellation and/or use of treasury shares, including the following:

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) the number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Sources of funds for Share Buyback

The Companies Act permits the Company to make payment, pursuant to the purchase or acquisition of its own Shares, out of capital as well as from its distributable profits, so long as the Company is solvent. The Companies Act provides that a Company is solvent if at the date of the relevant payment, the following conditions are satisfied:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if
 - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal resources, external borrowings or a combination of both to finance purchases or acquisitions of Shares pursuant to the Share Buyback Mandate.

The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the Group's working capital, current dividend policy and/ or ability to service its debts would be adversely affected.

2.7 Financial effects of the Share Buyback Mandate

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buyback Mandate will depend on, *inter alia*, how the Shares are purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled. The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2016, are based on the following principal assumptions:

- (a) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 January 2016 for the purpose of computing the financial effects on the EPS of the Group and the Company;
- (b) the purchase or acquisition of Shares pursuant to the Share Buyback Mandate had taken place on 1 January 2016 for the purpose of computing the financial effects on the Shareholders' equity, NTA per Share, gearing and current ratio of the Group and the Company; and
- (c) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purpose of computing the financial effects.

2.7.1 Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the amounts paid by the Company for the purchase or acquisition of Shares are made out of profits, such amounts will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the amounts paid by the Company for the purchase or acquisition of Shares are made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by such amounts. The total amount of the purchase or acquisition price shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's capital or profits.

2.7.2 Number of Shares acquired or purchased

Assuming there is no change in the number of Shares, and the number of Shares held in treasury on or prior to the date of the 2017 AGM:

- (i) as at the Latest Practicable Date, the Company has 895,841,914 issued Shares (excluding treasury shares);
- (ii) the Company may purchase or acquire up to 89,584,191 Shares under the Companies Act (being 10% of its issued Shares (excluding treasury shares));
- (iii) as at the Latest Practicable Date, the Company has 9,946,000 Shares held in treasury;
- (iv) the Company may hold up to 90,578,791 Shares in treasury (being 10% of its total number of Shares) pursuant to Section 76(1) of the Companies Act; and
- (v) the Company may purchase or acquire up to 80,632,791 Shares under the renewed Share Buyback Mandate to be held as treasury shares.

As at the Latest Practicable Date, no Shares are reserved for issue by the Company.

For illustrative purposes, the Company has assumed that it will only purchase or acquire up to 80,632,791 Shares under the Share Buyback Mandate, to be held as treasury shares.

2.7.3 Maximum price paid for Shares acquired or purchased

In the case of Market Purchases by the Company:

Assuming the Company purchases or acquires 80,632,791 Shares at the maximum price of S\$0.191 (equivalent to US\$0.136 for one (1) Share (being the price equivalent to 5% above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 80,632,791 Shares is approximately US\$10,966,060.

In the case of Off-Market Purchases by the Company:

Assuming the Company purchases or acquires 80,632,791 Shares at the maximum price of S\$0.219 (equivalent to US\$0.156) for one (1) Share (being the price equivalent to 20% above the average of the closing market prices of the Shares over the five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 80,632,791 Shares is approximately US\$12,578,715.

2.7.4 Illustrative financial effects

For illustrative purposes only, and on the basis of the assumptions set out below, the financial effects of the:

- (i) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and held as treasury shares; and
- (ii) acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of capital and cancelled;

based on the audited financial statements of the Group and the Company for FY2016 are set out in the sections below.

The financial effects of the acquisition of Shares by the Company pursuant to the Share Buyback Mandate by way of purchases made out of profits are similar to that of purchases made out of capital. Therefore, only the financial effects of the acquisition of the Shares pursuant to the Share Buyback Mandate by way of purchases made out of capital are set out in this Appendix.

Scenario 1(A)

Market Purchases of 80,632,791 Shares out of capital and held in treasury

As at 31 December 2016	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
	US\$'000	US\$'000	US\$'000	US\$'000
Share Capital	72,648	72,648	72,648	72,648
Treasury Shares	(736)	(11,702)	(736)	(11,702)
Capital Reserve	1,276	1,276	180	180
Defined Benefit Plans Reserve	(257)	(257)	-	-
Fair Value Reserve	3,670	3,670	-	-
Revaluation Reserve	59	59	-	-
Other Reserve	(771)	(771)	-	-
Currency Translation Reserve	(2,683)	(2,683)	17,589	17,589
Retained Earnings	46,719	46,719	14,109	14,109
Non-Controlling Interests	4,862	4,862	-	-
Shareholders' Equity	124,787	113,821	103,790	92,824
NTA	110,066	99,100	103,325	92,359
Current Assets	430,560	425,077	13,497	8,014
Current Liabilities	371,970	377,453	11,749	17,232
Working Capital	58,590	47,624	1,748	(9,218)
Total Borrowings ⁽¹⁾	204,425	209,908	10,526	16,009
Cash and Cash Equivalents ⁽¹⁾	65,153	59,670	859	(4,624)
Net Profit	4,558	4,558	4,720	4,720
Number of Shares ⁽²⁾	895,841,914	815,209,123	895,841,914	815,209,123
Weighted Average Number of Shares	895,841,914	815,209,123	895,841,914	815,209,123
Financial Ratios				
NTA per Share (US\$ cents)	12.29	12.16	11.53	11.33
Basic EPS (US\$ cents) ⁽³⁾	0.51	0.56	0.53	0.58
Gearing % ⁽⁴⁾	164	184	10	17
Current Ratio (times) ⁽⁵⁾	1.16	1.13	1.15	0.47

Notes:

- (1) Assuming the Share Buyback will be funded 50% by internal resources and 50% by external borrowings.
- (2) Number of Shares excludes 90,578,791 Shares that are held as treasury shares and assumes no change in the number of Shares on or prior to the date of the 2017 AGM.
- (3) EPS is computed based on FY2016 net profit attributable to Shareholders divided by the weighted average number of Shares.
- (4) Gearing equals total borrowings divided by Shareholders' equity.
- (5) Current Ratio equals current assets divided by current liabilities.

Scenario 1(B)

Off-Market Purchases of 80,632,791 Shares out of capital and held in treasury

As at 31 December 2016	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
	US\$'000	US\$'000	US\$'000	US\$'000
Share Capital	72,648	72,648	72,648	72,648
Treasury Shares	(736)	(13,315)	(736)	(13,315)
Capital Reserve	1,276	1,276	180	180
Defined Benefit Plans Reserve	(257)	(257)	-	-
Fair Value Reserve	3,670	3,670	-	-
Revaluation Reserve	59	59	-	-
Other Reserve	(771)	(771)	-	-
Currency Translation Reserve	(2,683)	(2,683)	17,589	17,589
Retained Earnings	46,719	46,719	14,109	14,109
Non-Controlling Interests	4,862	4,862	-	-
Shareholders' Equity	124,787	112,208	103,790	91,211
NTA	110,066	97,487	103,325	90,746
Current Assets	430,560	424,270	13,497	7,207
Current Liabilities	371,970	378,259	11,749	18,038
Working Capital	58,590	46,011	1,748	(10,831)
Total Borrowings ⁽¹⁾	204,425	210,714	10,526	16,815
Cash and Cash Equivalents ⁽¹⁾	65,153	58,863	859	(5,431)
Net Profit	4,558	4,558	4,720	4,720
Number of Shares ⁽²⁾	895,841,914	815,209,123	895,841,914	815,209,123
Weighted Average Number of Shares	895,841,914	815,209,123	895,841,914	815,209,123
Financial Ratios				
NTA per Share (US\$ cents)	12.29	11.96	11.53	11.13
Basic EPS (US\$ cents) ⁽³⁾	0.51	0.56	0.53	0.58
Gearing % ⁽⁴⁾	164	188	10	18
Current Ratio (times) ⁽⁵⁾	1.16	1.12	1.15	0.40

Notes:

- (1) Assuming the Share Buyback will be funded 50% by internal resources and 50% by external borrowings.
- (2) Number of Shares excludes 90,578,791 Shares that are held as treasury shares and assumes no change in the number of Shares on or prior to the date of the 2017 AGM.
- (3) EPS is computed based on FY2016 net profit attributable to Shareholders divided by the weighted average number of Shares.
- (4) Gearing equals total borrowings divided by Shareholders' equity.
- (5) Current Ratio equals current assets divided by current liabilities.

Scenario 2(A)

Market Purchases of 80,632,791 Shares out of capital and cancelled

As at 31 December 2016	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
	US\$'000	US\$'000	US\$'000	US\$'000
Share Capital	72,648	61,682	72,648	61,682
Treasury Shares	(736)	(736)	(736)	(736)
Capital Reserve	1,276	1,276	180	180
Defined Benefit Plans Reserve	(257)	(257)	-	-
Fair Value Reserve	3,670	3,670	-	-
Revaluation Reserve	59	59	-	-
Other Reserve	(771)	(771)	-	-
Currency Translation Reserve	(2,683)	(2,683)	17,589	17,589
Retained Earnings	46,719	46,719	14,109	14,109
Non-Controlling Interests	4,862	4,862	-	-
Shareholders' Equity	124,787	113,821	103,790	92,824
NTA	110,066	99,100	103,325	92,359
Current Assets	430,560	425,077	13,497	8,014
Current Liabilities	371,970	377,453	11,749	17,232
Working Capital	58,590	47,624	1,748	(9,218)
Total Borrowings ⁽¹⁾	204,425	209,908	10,526	16,009
Cash and Cash Equivalents ⁽¹⁾	65,153	59,670	859	(4,624)
Net Profit	4,558	4,558	4,720	4,720
Number of Shares ⁽²⁾	895,841,914	815,209,123	895,841,914	815,209,123
Weighted Average Number of Shares	895,841,914	815,209,123	895,841,914	815,209,123
Financial Ratios				
NTA per Share (US\$ cents)	12.29	12.16	11.53	11.33
Basic EPS (US\$ cents) ⁽³⁾	0.51	0.56	0.53	0.58
Gearing % ⁽⁴⁾	164	184	10	17
Current Ratio (times) ⁽⁵⁾	1.16	1.13	1.15	0.47

Notes:

- (1) Assuming the Share Buyback will be funded 50% by internal resources and 50% by external borrowings.
- (2) Number of Shares excludes 80,632,791 Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the 2017 AGM.
- (3) EPS is computed based on FY2016 net profit attributable to Shareholders divided by the weighted average number of Shares.
- (4) Gearing equals total borrowings divided by Shareholders' equity.
- (5) Current Ratio equals current assets divided by current liabilities.

Scenario 2(B)

Off-Market Purchases of 80,632,791 Shares out of capital and cancelled

As at 31 December 2016	Group		Company	
	Before the Share Buyback	After the Share Buyback	Before the Share Buyback	After the Share Buyback
	US\$'000	US\$'000	US\$'000	US\$'000
Share Capital	72,648	60,069	72,648	60,069
Treasury Shares	(736)	(736)	(736)	(736)
Capital Reserve	1,276	1,276	180	180
Defined Benefit Plans Reserve	(257)	(257)	–	–
Fair Value Reserve	3,670	3,670	–	–
Revaluation Reserve	59	59	–	–
Other Reserve	(771)	(771)	–	–
Currency Translation Reserve	(2,683)	(2,683)	17,589	17,589
Retained Earnings	46,719	46,719	14,109	14,109
Non-Controlling Interests	4,862	4,862	–	–
Shareholders' Equity	124,787	112,208	103,790	91,211
NTA	110,066	97,487	103,325	90,746
Current Assets	430,560	424,270	13,497	7,207
Current Liabilities	371,970	378,259	11,749	18,038
Working Capital	58,590	46,011	1,748	(10,831)
Total Borrowings ⁽¹⁾	204,425	210,714	10,526	16,815
Cash and Cash Equivalents ⁽¹⁾	65,153	58,863	859	(5,431)
Net Profit	4,558	4,558	4,720	4,720
Number of Shares ⁽²⁾	895,841,914	815,209,123	895,841,914	815,209,123
Weighted Average Number of Shares	895,841,914	815,209,123	895,841,914	815,209,123
Financial Ratios				
NTA per Share (US\$ cents)	12.29	11.96	11.53	11.13
Basic EPS (US\$ cents) ⁽³⁾	0.51	0.56	0.53	0.58
Gearing % ⁽⁴⁾	164	188	10	18
Current Ratio (times) ⁽⁵⁾	1.16	1.12	1.15	0.40

Notes:

- (1) Assuming the Share Buyback will be funded 50% by internal resources and 50% by external borrowings.
- (2) Number of Shares excludes 80,632,791 Shares that are cancelled and assumes no change in the number of Shares on or prior to the date of the 2017 AGM.
- (3) EPS is computed based on FY2016 net profit attributable to Shareholders divided by the weighted average number of Shares.
- (4) Gearing equals total borrowings divided by Shareholders' equity.
- (5) Current Ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements for FY2016 and is not necessarily representative of future financial performance.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire Shares up to the Prescribed Limit, the Company may not necessarily purchase or acquire or be able to purchase or acquire Shares up to the Prescribed Limit. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

2.8 Listing status of the Shares

Rule 723 of the Listing Manual requires a listed company to ensure that at least 10% of its total number of issued shares excluding treasury shares must be held by public shareholders. As at the Latest Practicable Date, approximately 41.85% of the issued Shares (excluding treasury shares) are held by public Shareholders. As at the Latest Practicable Date and assuming the Company undertakes purchases or acquisitions of its Shares up to the Prescribed Limit pursuant to the renewed Share Buyback Mandate, approximately 36.10% of the issued Shares (excluding treasury shares) will be held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the Prescribed Limit pursuant to the renewed Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.9 Take-over implications

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.9.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

2.9.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to the instructions of that individual, companies controlled by any of the above, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, a company is an “associated company” of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

2.9.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. The Directors and their concert parties will be exempted from the obligation to make a take-over offer subject to certain conditions, including, *inter alia*, the submission by each of the Directors of an executed form prescribed by the SIC within seven (7) days of the passing of the resolution to authorise the renewal of the Share Buyback Mandate.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be obliged to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Buyback Mandate.

2.9.4 Application of the Take-over Code

Details of the holdings in Shares by the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date are set out in Section 3 below.

2.9.4.1 *Dr. Derek Goh, Mr. Sean Goh and Mr. Sean Goh's spouse*

For the purposes of the Take-over Code, Dr. Derek Goh, our Executive Chairman and Group Chief Executive Officer, Mr. Sean Goh, Dr. Derek Goh's cousin and our Senior Vice President of Corporate Planning, Development and Regional Marketing, and Mr. Sean Goh's spouse, may be presumed to be acting in concert.

As at the Latest Practicable Date, the combined shareholding of Dr. Derek Goh, Mr. Sean Goh and Mr. Sean Goh's spouse in the Company amounts to 355,928,370 Shares, representing approximately 39.73% of the issued Shares (excluding treasury shares) of the Company.

Dr. Derek Goh, Mr. Sean Goh and Mr. Sean Goh's spouse have not purchased any Shares in the six (6) months preceding the Latest Practicable Date.

2.9.4.2 Consequence of Share Buybacks

Based on 895,841,914 issued Shares of the Company (excluding treasury shares) as at the Latest Practicable Date, the exercise in full of the Share Buyback Mandate up to the Prescribed Limit would result in the purchase of 80,632,791 Shares.

If the exercise in full of the Share Buyback Mandate by the Company ("**Full Share Purchase**") causes the aggregate voting rights of Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, to increase by more than 1% (assuming such increases occur within six (6) months), Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, would thereby incur an obligation to make a general offer under Rule 14 of the Take-over Code.

Based on the direct holdings of Shares of Dr. Derek Goh, Mr. Sean Goh and Mr. Sean Goh's spouse as at the Latest Practicable Date and assuming that:

- (a) the Company undertakes Share Buybacks under the Share Buyback Mandate up to the Prescribed Limit as permitted by the Share Buyback Mandate;
- (b) there is no change in Dr. Derek Goh's, Mr. Sean Goh's or Mr. Sean Goh's spouse's direct holdings of Shares between the Latest Practicable Date and the date of the 2017 AGM;
- (c) there is no change in Dr. Derek Goh's, Mr. Sean Goh's or Mr. Sean Goh's spouse's direct holdings of Shares between the date of the 2017 AGM and the date of the Full Share Purchase,

the aggregate voting rights of Dr. Derek Goh in the Company will increase from approximately 39.64% to approximately 43.56%, and the aggregate voting rights of Dr. Derek Goh, Mr. Sean Goh and Mr. Sean Goh's spouse in the Company will increase from approximately 39.73% to approximately 43.66%.

In such event, Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, will, unless exempted, thereby incur an obligation to make a general offer under Rule 14 of the Take-over Code.

Exemption under Section 3(a) of Appendix 2 of the Take-over Code

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, would be eligible to be exempted from the obligation to make a general offer for the Company under Rule 14 of the Take-over Code as a result of the Company buying back its Shares pursuant to the renewed Share Buyback Mandate, subject to the following conditions:

- (a) the Letter to Shareholders on the Ordinary Resolution to contain advice to the effect that by voting to approve the renewal of the Share Buyback Mandate, Shareholders are waiving their rights to a general offer at the required price from Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, who, as a result of the Share Buybacks, would increase their voting rights by more than 1% in any period of six (6) months;
- (b) the Letter to Shareholders discloses the names of Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, and their voting rights at the time of the 2017 AGM and after the Company exercises the renewed Share Buyback Mandate in full;
- (c) the Ordinary Resolution is approved by a majority of those Shareholders present and voting at the 2017 AGM on a poll who could not become obliged to make a general offer for the Company as a result of the Company purchasing Shares under the Share Buyback Mandate;
- (d) Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, will abstain from voting on the Ordinary Resolution in respect of all their Shares as of the date of the 2017 AGM and/or abstain from making a recommendation to Shareholders to vote in favour of the Ordinary Resolution;
- (e) within seven (7) days after the passing of the Ordinary Resolution, Dr. Derek Goh to submit to the SIC a duly signed form as prescribed by the SIC; and

- (f) Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, together holding between 30% and 50% of the Company's voting rights, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the renewal of the Share Buyback Mandate is imminent and the earlier of:
- (i) the date on which authority for the renewed Share Buyback Mandate expires; and
 - (ii) the date on which the Company announces it has (A) bought back such number of Shares as authorised by Shareholders at the 2017 AGM, or (B) decided to cease buying back its Shares,

as the case may be, if such acquisitions, taken together with the Share Buybacks under the renewed Share Buyback Mandate, would cause the aggregate voting rights held by Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, in the Company to increase by more than 1% in the preceding six (6) months.

If the aggregate voting rights held by Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, increase by more than 1% solely as a result of the Company buying back Shares as authorised by the Share Buyback Mandate, and none of them has acquired any Shares during the period as defined in Section 2.9.4.3(f) above, then Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, would be eligible for the SIC's exemption from the obligation to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

Shareholders should note that by voting in favour of the Ordinary Resolution at the forthcoming 2017 AGM, Shareholders are waiving their rights to a general offer at the required price from Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable.

One of the conditions for exemption from the obligation to make a general offer under Rule 14 of the Take-over Code is the submission by Dr. Derek Goh to the SIC of a duly signed form as prescribed by the SIC ("**Form 2**"). As at the Latest Practicable Date, Dr. Derek Goh has informed the Company that he will be submitting a Form 2 to the SIC within seven (7) days after the passing of the Ordinary Resolution.

The Company understands that Dr. Derek Goh and parties acting in concert with him, Mr. Sean Goh and his spouse, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the renewal of the Share Buyback Mandate is imminent and the earlier of:

- (a) the date on which authority for the renewed Share Buyback Mandate expires; and
- (b) the date on which the Company announces it has (a) bought back such number of Shares as authorised by Shareholders at the 2017 AGM, or (b) decided to cease buying back its Shares,

as the case may be, if such acquisitions, taken together with the Share Buybacks under the renewed Share Buyback Mandate, would cause the aggregate voting rights held by Dr. Derek Goh and parties acting in concert with him, including Mr. Sean Goh and his spouse, if applicable, in the Company to increase by more than 1% in the preceding six (6) months.

Save as disclosed above, the Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the renewed Share Buyback Mandate.

Appendix 2 of the Take-over Code requires that the resolution to authorise the renewal of the Share Buyback Mandate be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make a take-over offer under the Take-over Code as a result of the Share Buyback. Accordingly, the Ordinary Resolution is proposed to be taken on a poll, and Dr. Derek Goh, and Mr. Sean Goh and Mr. Sean Goh's spouse, if applicable, will abstain, and will procure their/ his concert parties (if any) to abstain, from voting on the Ordinary Resolution.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Buyback pursuant to the Share Buyback Mandate are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buyback Mandate is in force.

2.10 Reporting requirements

Within 30 days of the passing of a Shareholders' resolution to approve the proposed Share Buyback Mandate, the Directors shall lodge a copy of the relevant Shareholders' resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

Rule 886 of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement currently requires the inclusion of details of, *inter alia*, the total number of shares purchased or acquired, the purchase price per share or the highest and lowest prices paid for such shares, as applicable. Such announcement will be made in the form prescribed by the Listing Manual.

2.11 No purchases during price-sensitive developments

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, 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 best practices on dealings in securities under Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares during the period commencing (i) two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year, and (ii) one (1) month before the announcement of the Company's full-year financial statements.

2.12 Shares purchased by the Company in the 12 months preceding the Latest Practicable Date

The Company has not purchased or acquired any Shares in the 12 months preceding the Latest Practicable Date.

3. PROPOSED ADOPTION OF THE NEW CONSTITUTION

3.1 Introduction.

The Companies (Amendment) Act 2014 (the "**Amendment Act**") was passed in Parliament on 8 October 2014 and introduced wide-ranging amendments to the Companies Act previously in force. The Amendment Act took effect in two phases on 1 July 2015 and 3 January 2016. The changes to the Companies Act pursuant to the Amendment Act aim to improve corporate governance for companies in Singapore, reduce the regulatory burden on companies and provide for greater business flexibility. The key changes include, *inter alia*, the introduction of a multiple-proxies regime to enfranchise indirect investors and CPF investors, as well as provisions to facilitate the electronic transmission of notices and documents. In addition, what had been previously the memorandum and articles of association of a company have now been merged into a single constitutive document called the "constitution".

3.2 New Constitution of the Company

With effect from 3 January 2016, the existing Memorandum and Articles of Association of the Company is referred to as the Constitution of the Company (the “**Existing Constitution**”). The Company is proposing to update its Existing Constitution to reflect the changes to the Companies Act, by adopting the New Constitution. The New Constitution will replace the Existing Constitution and will incorporate amendments to take into account the changes to the Companies Act introduced under the Amendment Act.

The New Constitution will concurrently be updated for consistency with the prevailing listing rules of the SGX-ST in compliance with the Listing Manual, and will also address the current personal data protection regime in Singapore. The Company is also taking this opportunity to streamline and rationalise certain other provisions in the New Constitution.

The proposed adoption of the New Constitution is subject to Shareholders’ approval via a special resolution and if so approved, shall take effect from the date of the 2017 AGM.

Shareholders should note that the SGX-ST had, on 22 March 2017, issued amendments to the Listing Manual for alignment with the Amendment Act. The amendments to the Listing Manual will take effect from 31 March 2017. In accordance with Rule 730(2) of the Listing Manual, the New Constitution is consistent with the Listing Manual prevailing as at the Latest Practicable Date.

3.3 Summary of Principal Provisions

The following is a summary of the principal provisions of the New Constitution which have been newly added or are significantly updated from equivalent provisions in the Existing Constitution, and should be read in conjunction with the proposed New Constitution which is set out in its entirety in Annex 1 to this Appendix.

In the paragraphs below, for convenience, the expression “Regulation” will refer to the provisions under the New Constitution, and the expression “Article” will be used for the relevant cross-references to the equivalent provisions of the Existing Constitution.

3.3.1 Companies Act

The following Regulations include provisions which are in line with the Companies Act, as amended pursuant to the Amendment Act.

- (a) **Regulation 1 (Article 1 of Existing Constitution)** – Article 1 of the Existing Constitution, which provided that “The regulations in Table A in the Fourth Schedule to the Companies Act, Chapter 50 (Cap. 50) (as amended) shall not apply to the Company”, has been amended to state that the regulations in model constitution prescribed under Section 36(1) of the Act shall not apply to the Company except as repeated or contained in the Regulations. This is in line with the repealing of Table A following the Amendment Act, and the enactment of the Companies (Model Constitution) Regulations 2015.
- (b) **Regulation 2 (Article 2 of Existing Constitution)** – Regulation 2, which is the interpretation section of the New Constitution, includes the following additional or revised provisions:
 - (i) a new definition of “address” and “registered address” has been added to state that these expressions mean, in relation to any Shareholder, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified;
 - (ii) the definition of “writing” and “written” has been amended to clarify that these terms include any representation or reproduction of words, symbols or other information which may be displayed in a visible form, whether in physical or electronic form. This would facilitate, for example, a proxy instrument being filled in and submitted in either physical or electronic form;
 - (iii) the definitions of “CDP”, “Depository Agent”, “Depositor”, and “SFA” have been amended to reflect the definitions as now set out under Section 81SF of the SFA. This follows the migration of the definitions of these terms from the Companies Act to the SFA pursuant to the Amendment Act;

- (iv) new definitions of “current address”, “electronic communication” and “relevant intermediary” have been added and these terms contain the meanings ascribed to them respectively in the Companies Act. This follows the introduction of new provisions facilitating electronic communication and the multiple proxies regime pursuant to the Amendment Act;
 - (v) a new definition of “Chief Executive Officer” has been added and contains the meaning ascribed to “chief executive officer” in the Companies Act. This is in line with the new provisions in the Amendment Act relating to chief executive officers, such as the disclosure requirements in Section 156 of the Companies Act;
 - (vi) the definition of “Statutes” has been amended to expressly include the SFA. This follows the migration of certain provisions from the Companies Act to the SFA pursuant to the Amendment Act; and
 - (vii) new definitions of “Ordinary Resolution” and “Special Resolution” have been added and these terms contain the meaning ascribed to “ordinary resolution” and “special resolution” respectively in the Companies Act.
- (c) **Regulation 3(F)** – Regulation 3(F) is a new provision which provides that new Shares may be issued for no consideration. This provision is in line with the new Section 68 of the Companies Act, which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company.
- (d) **Regulation 10 (Article 10 of Existing Constitution)** – Regulation 10, which relates to the Company’s power to alter its share capital, now contains, *inter alia*, provisions which empower the Company:
- (1) to convert its share capital or any class of shares from one currency to another currency, by ordinary resolution. This is in line with new Section 73 of the Companies Act, which sets out the procedure for such re-denominations; and
 - (2) to convert one class of shares into another class of shares, by special resolution. This is in line with new Section 74A of the Companies Act, which sets out the procedure for such conversions.
- (e) **Regulation 12(A) (Article 12(A) of Existing Constitution)** – Regulation 12(A), which relates to share certificates, now does not require the disclosure of the amount paid on the shares in the share certificate relating to those shares. Pursuant to the amendments to Section 123(2) of the Companies Act under the Amendment Act, a share certificate need only state (amongst others) the number and class of the shares, whether the shares are fully or partly paid up, and the amount (if any) unpaid on the shares.
- (f) **Regulation 58(B) (Article 58 of Existing Constitution)** – Regulation 58(B), which relates to the method of voting at a general meeting where mandatory polling is not required, has been revised to reduce the threshold for eligibility to demand a poll from 10% to 5% of the total voting rights of the members having the right to vote at the meeting, or of the total sum paid up on all the shares conferring that right. This is in line with Section 178 of the Companies Act as amended pursuant to the Amendment Act.
- (g) **Regulations 41, 62, 64, 68 and 70 (Articles 41, 62, 64, 68 and 70 of Existing Constitution)** – These Regulations, which relate to the voting rights of Shareholders and the appointment and deposit of proxies, contain new provisions which cater to the multiple proxies regime introduced by the Amendment Act. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. In particular:
- (1) Regulation 68(A) provides that save as otherwise provided in the Companies Act, a Shareholder who is a “relevant intermediary” may appoint more than two proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with new Section 181(1C) of the Companies Act;

- (2) Regulation 68(B)(a)(i) provides that the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting. Consequential amendments have also been made to Regulations 41, 62(D) and 68(B)(a)(ii) and to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting. This is in line with new Section 81SJ(4) of the SFA. Previously, prior to the Amendment Act, the abovementioned cut-off time was a period of 48 hours before the time of the relevant general meeting;
- (3) Regulation 68(B)(b) provides that the Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy; and
- (4) Regulation 70, which relates to the deposit of instruments appointing proxies, provides that the cut-off time for the deposit of instruments appointing proxies is now 72 hours, instead of 48 hours, before the time appointed for holding the general meeting. This expansion of the cut-off period is in line with Section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Act. Regulation 64, which relates to voting rights of Members with mental disorders, provides that the cut-off time for the deposit of evidence of the appointment of persons authorised to exercise powers with respect to the property or affairs of such Members is 72 hours before the time appointed for holding the general meeting, which is in line with the above amendments.
- (5) **Regulation 81 (Article 92 of Existing Constitution)** – Regulation 81, which relates to the power of Directors to hold an office of profit and to contract with the Company, now contains expanded provisions which extend the obligation of a Director to disclose interests in transactions or proposed transactions with the Company, or any office or property held which might create duties or interests in conflict with those as Director, to also apply to a Chief Executive Officer (or person(s) holding an equivalent position). This is in line with Section 156 of the Companies Act, as amended pursuant to the Amendment Act.
- (6) **Regulation 91 (Article 91 of Existing Constitution)** – Regulation 91, which relates to the filling of the office vacated by a retiring Director in certain default events, has been revised to remove the event of a Director attaining any applicable retiring age as an exception to a deemed re-election to office. These amendments follow the repeal of Section 153 of the Companies Act and removal of the 70-year age limit for directors of public companies and subsidiaries of public companies.
- (7) **Regulation 109 (Article 109 of Existing Constitution)** – Regulation 109, which relates to the general powers of the Directors to manage the Company's business, clarifies that the business and affairs of the Company is to be managed by or, additionally, under the direction or supervision of the Directors. This is in line with Section 157A of the Companies Act, as amended pursuant to the Amendment Act.
- (8) **Regulation 115(A) (Article 115 of Existing Constitution)** – Regulation 115(A), which relates to the minutes of the Company, contains additional provisions which require the Directors to cause minutes to be made in books to be provided for the purpose of all resolutions and proceedings at all meetings of its Chief Executive Officers. This is in line with Section 188 of the Companies Act, as amended pursuant to the Amendment Act.
- (9) **Regulation 120 (Article 120 of Existing Constitution)** – Regulation 120, which relates to the form of the registers and books to be kept by the Company, has been updated to provide that such records may be kept either in hard copy or electronic form, and that where the records of the Company are kept otherwise than in hard copy, the Directors shall take reasonable precautions for ensuring the proper maintenance and authenticity of such records. This is in line with the new Sections 395 and 396 of the Companies Act.

- (10) **Regulations 50, 121, 137 and 138 (Articles 50, 121, 136 and 137 of Existing Constitution)** – Regulation 138, which relates to the sending of the Company's financial statements and related documents to Shareholders, now provides that such documents may be sent less than 14 days before the date of the general meeting with the agreement of all persons entitled to receive notices of general meetings. This is in line with new Section 203(2) of the Companies Act, which provides that the requisite financial statements and other related documents may be sent less than 14 days before the date of the general meeting at which they are to be laid if all the persons entitled to receive notice of general meetings of the company so agree. Notwithstanding the above, it should be noted that under the prevailing Rule 707(2) of the Listing Manual, an issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting. Accordingly, subject to any revision to Rule 707(2) of the Listing Manual, the Company will ensure nevertheless that its annual reports are issued to Shareholders at least 14 days before the date of its annual general meetings.

The requirement to send these documents to debenture holders has also been removed.

Regulations 50, 121, 137 and 138 have also been updated to substitute references to the Company's "profit and loss accounts" and "balance sheet" with references or additional references to "financial statements", and references to "Directors' reports" and "reports of the Directors" with "Directors' statements", as appropriate, for consistency with the updated terminology in the Companies Act.

- (11) **Regulation 141 (Article 140 of Existing Constitution)** – Regulation 141, which relates to the service of notices to Shareholders, contains new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to the new Section 387C of the Companies Act. Companies can, subject to certain statutory safeguards, make use of these simplified procedures where a Shareholder has given express, implied or deemed consent for the company to do so in accordance with the constitution of the company. The Company regards express consent as being given where a Shareholder gives notice in writing to the Company that he consents to having notices and documents transmitted to him via electronic communications.

Section 387C(2) of the Companies Act provides that a Shareholder has given implied consent ("**Implied Consent**") where the constitution of a company:-

- (i) provides for the use of electronic communications;
- (ii) specifies the manner in which electronic communications is to be used; and
- (iii) provides that the member shall agree to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

Section 387C(3) of the Companies Act further explains that a Shareholder has given deemed consent ("**Deemed Consent**") where:-

- (A) the constitution of the company provides for the use of electronic communications;
- (B) the constitution of the company specifies the manner in which electronic communications is to be used;
- (C) the constitution of the company specifies that the member will be given an opportunity to elect within a specified period of time ("the specified time"), whether to receive such notice or document by way of electronic communications or as a physical copy; and
- (D) the member was given an opportunity to elect whether to receive such notice or document by way of such electronic communications or as a physical copy, and he failed to make an election within the specified time.

Regulation 141 provides that:

- (i) notices and documents may be sent to Shareholders using electronic communications either to a Shareholder's current address (which may be an email address) or by making it available on a website where such Shareholder expressly consents to receiving notices and documents in this manner;
- (ii) in relation to Implied Consent, a Shareholder who has not given express consent may nonetheless be implied to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under applicable laws; and
- (iii) in relation to Deemed Consent, notwithstanding sub-paragraph (ii) above, the Directors may decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity but failed to opt out within the specified time, unless otherwise provided under applicable laws.

Regulation 141 additionally provides for when service is effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is sent by electronic communications to the current address of a Shareholder, it shall be deemed to be served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such Shareholder, unless otherwise provided under applicable laws. Where a notice or document is made available on a website, it is deemed served on the date on which the notice or document is first made available on the website, unless otherwise provided under applicable laws. The insertion of Regulation 141 will enable greater efficiency and cost savings in the transmission of documents from the Company to the Shareholders.

Under the new Section 387C of the Companies Act, regulations may be made, amongst others, to exclude any notice or document or any class of notices or documents from the application of Section 387C and provide for safeguards for the use of electronic communications under Section 387C. As at the Latest Practicable Date, notices or documents relating to (1) any take-over offer of the company; and (2) any rights issue by the company, are excluded from the application of Section 387C of the Companies Act, and therefore cannot be transmitted by electronic means pursuant to Section 387C.

For the avoidance of doubt, the service of notices and other documents by the Company to Shareholders remain subject to the then prevailing rules in the Listing Manual, and it is expressly provided in the New Constitution that Regulation 141, containing the new provisions to facilitate the electronic transmission of notices and documents, shall be subject to the applicable listing rules of the SGX-ST.

In particular, pursuant to the Listing Manual, when the Company uses electronic transmissions, the Company shall send the following to Shareholders, who have provided Deemed Consent or Implied Consent, by way of physical copies: (i) forms and acceptance letters that Shareholders may be required to complete; (ii) notices of meetings, excluding circulars or letters referred in that notice; (iii) notices and documents relating to takeover offers and rights issues; and (iv) a notification of the publication of the document on the website, the date on which it will be available, the address of the website, the place on the website where the document may be accessed, and how to access the document.

Also, pursuant to the Listing Manual, when the Company uses electronic transmissions to send a document to a Shareholder, the Company shall inform the Shareholder as soon as practicable of how to request a physical copy of that document from the Company. The Company shall provide a physical copy of that document upon such request.

Shareholders who are supportive of the new regime of electronic transmissions may choose to vote for the proposed adoption of the New Constitution, and Shareholders who are not supportive of the new regime of electronic transmissions may choose to vote against the proposed adoption of the New Constitution.

- (12) **Regulations 150 (Article 148 of Existing Constitution)** – Regulation 150, which relates to Directors’ indemnification, has been expanded to permit the Company, subject to the provisions of and so far as may be permitted by applicable laws, to indemnify a Director, auditor, secretary, or other officer of the Company against losses “to be incurred” by him in the execution of his duties. This is consistent with the new Sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred or to be incurred by him in defending court proceedings or regulatory investigations.

3.3.2 Listing Manual

Rule 730(2) of the Listing Manual provides that if an issuer amends its articles of association or other constituent documents, they must be made consistent with all the listing rules prevailing at the time of amendment. The following Regulations have been proposed to be updated for consistency with the listing rules of the SGX-ST prevailing as at the Latest Practicable Date, and the New Constitution is in compliance with Rule 730(2) of the Listing Manual.

- (a) **Regulation 3(A) (Articles 3(A)(a) and 3(A)(b) of Existing Constitution)** – Article 3(A) of the Existing Constitution, which relates to the issue of shares, provides that (a) “no Director shall participate in any issue of shares to employees unless the Company in General Meeting shall have approved in advance the specific allotment to be made to such Director and unless he holds office in an executive capacity” and (b) “no shares shall be issued to transfer of a controlling interest in the Company without the specific prior approval of the Company in General Meeting”, have been removed in Regulation 3(A) for consistency with the Listing Manual, as it is no longer a requirement under Appendix 2.2 of the Listing Manual for these provisions to be contained in the constituent documents of an issuer.

The removal of Article 3(A)(a) will facilitate administrative convenience in the future as the eligibility of Directors (whether executive or non-executive) to participate in a share incentive scheme would be governed by the rules of the particular scheme, the prevailing rules of the Listing Manual, and any applicable laws, rather than by the Constitution.

The removal of Article 3(A)(b) will not, however, eliminate the Company’s compliance obligations with Rule 803 of the Listing Manual, which provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

- (b) **Regulation 3(E)** – Regulation 3(E) is a new provision which provides that the rights attaching to shares of a class other than ordinary shares must be expressed in the Constitution of the Company. This is in line with paragraph 1(b) of Appendix 2.2 of the Listing Manual.
- (c) **Regulation 14** – Regulation 14, which relates to the issue of share certificates, has been amended for consistency with the Listing Manual, as the Listing Manual requires share certificates to be despatched within 10 market days (previously 15) after the day of lodgement of a registrable transfer. This amendment is in line with Rule 732(3) of the Listing Manual.
- (d) **Regulations 46, 49 and 52 (Articles 46, 49 and 52 of Existing Constitution)** – Regulation 52, which relates to proceedings at general meetings, now contains an additional provision to make it clear that if required by the Listing Manual, all general meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company’s incorporation, or unless such requirement is waived by the SGX-ST. This additional clarification is in line with Rule 730A(1) and Practice Note 7.5 of the Listing Manual. Regulations 46 and 49 have also been updated to clarify that general meetings shall be held in Singapore.
- (e) **Regulation 58(A) (Article 58 of Existing Constitution)** – Regulation 58, which relates to the method of voting at general meetings, contains new provisions to clarify that, if required by the Listing Manual, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the SGX-ST). These amendments are in line with Rule 730A(2) of the Listing Manual.
- (f) **Regulation 59 (Article 59 of Existing Constitution)** – Regulation 59, which relates to the results of voting at general meetings, has been amended to provide that at least one scrutineer shall be appointed for each general meeting, in accordance with the Listing Manual, who shall be independent of the persons undertaking the polling process. These amendments are in line with Rule 730A(3) of the Listing Manual.

- (g) **Regulations 91 and 94 (Articles 91 and 94 of Existing Constitution)** – Regulation 94, which relates to the vacation of office of a Director in certain events, now additionally provides that a Director shall cease to hold office if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds. These amendments are in line with paragraph (9)(n) of Appendix 2.2 of the Listing Manual. Consequential amendments have been made to Regulation 91, which contains an additional prohibition on the deemed re-election of a retiring Director where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds.
- (h) **Regulation 100 (Article 100 of Existing Constitution)** – Regulation 100, which relates to when Directors are prohibited from voting in respect of transactions in which they have an interest, has been amended to prohibit him from voting in respect of such transactions in which he has a “personal material interest”. This amendment is in line with paragraph (9)(e) of Appendix 2.2 of the Listing Manual.

3.3.3 Personal Data Protection Act

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. Regulation 152 has been added in the New Constitution to specify, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives.

3.3.4 General

The following Regulations have been updated, streamlined and rationalised generally.

- (a) **Regulations 13 and 14 (Articles 13 and 14 of Existing Constitution)** – Regulation 13, which relates to share certificates in respect of shares held by more than one holder, now additionally provides that only one certificate shall be issued in respect of any share. Regulation 14, which relates to a registered holder's entitlement to share certificates, now additionally provides that a person who becomes a registered holder pursuant to a transmission of shares shall be entitled to receive share certificates in respect of such shares.
- (b) **Regulation 29(B)** – Regulation 29(B) is a new provision which provides for a Member's responsibility to deliver the certificate of shares to the Company in the event of a forfeiture or a sale of shares to satisfy the Company's lien.
- (c) **Regulation 32 (Article 32 of the Existing Constitution)** – Regulation 32 has been updated to extend the dispensation accorded to CDP from having to sign the transfer form as transferee of the shares to a nominee of CDP.
- (d) **Regulations 38 and 39 (Articles 38 and 39 of Existing Constitution)** – New provisions have been inserted in Regulation 38 to expand on the categories of persons who may in certain circumstances be entitled to shares by transmission. Regulation 39(B) is a new provision which provides that the Directors may give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 days, withhold payment of all dividends or other moneys payable in respect of the share until the notice is complied with.
- (e) **Regulation 53 (Article 53 of Existing Constitution)** – Regulation 53, which relates to the quorum at general meetings of the Company, has been amended to clarify that for the purpose of determining a quorum, joint holders of a share are treated as one Shareholder.
- (f) **Regulations 69 and 70 (Articles 69 and 70 of Existing Constitution)** – Regulation 69, which relates to the appointment of proxies, has new provisions to facilitate the appointment of a proxy through electronic means online. In particular, it provides that a Shareholder can elect to signify his approval for the appointment of a proxy via electronic communication, through such method and in such manner as may be approved by the Directors, in lieu of the present requirement of signing, or where applicable, the affixation of the corporate Shareholder's common seal. For the purpose of accommodating the deposit by Shareholders, and receipt by the Company, of electronic proxy instructions by Shareholders who elect to use the electronic appointment process, Regulation 70, which relates to the deposit of proxies, has new provisions which authorise the Directors to prescribe and determine the manner of receipt by the Company of the instrument appointing a proxy through digital means.
- (g) **Regulation 71 (Article 71 of Existing Constitution)** – Regulation 71, which relates to the rights of proxies, contains additional provisions which allow a proxy to move any resolution or amendment thereto.

- (h) **Regulations 72 and 94 (Articles 72 and 94 of Existing Constitution)** – Regulation 72 has been updated to substitute the references to insanity, with references to mental disorder. Regulation 94 has been updated such that the expression relating to unsoundness of mind includes reference to persons who are mentally disordered and incapable of managing himself or his affairs. These updates are pursuant to the enactment of the Mental Health (Care and Treatment) Act, Chapter 178A, which repealed and replaced the Mental Disorders and Treatment Act.
- (i) **Article 123(B) of the Existing Constitution** – Article 123(B) of the Existing Constitution, which relates to the specific guidelines for the Company's dividend policy in connection with its previous listing of Taiwan depository receipts ("TDRs") on the Taiwan Stock Exchange ("TSE"), has been deleted in the New Constitution as the TDRs have been withdrawn from listing on the TSE since 13 May 2015.
- (j) **Regulation 134** – Regulation 134 is a new provision which sets out, *inter alia*, the power of Directors in relation to a scrip dividend scheme, to enable the Directors to provide the flexibility to Shareholders to elect to receive dividends as fully-paid ordinary shares in lieu of cash. This has been inserted to facilitate the establishment of a scrip dividend scheme by the Company where circumstances are appropriate.
- (k) **Regulation 136(A) (Article 136 of Existing Constitution)** – Regulation 136, which relates to the keeping of records, contains new provisions to clarify that the Directors shall cause to be kept such accounting and other records as are necessary to comply with, *inter alia*, the Companies Act and shall cause such records to be kept in such manner as to enable them to be conveniently and properly audited. This amendment better aligns Regulation 136 with the relevant wording used in section 199(1) of the Companies Act.
- (l) **Regulation 139(A) (Article 139 of Existing Constitution)** – Regulation 139, which relates to the auditor of the Company, contains new provisions to provide that an auditor shall be appointed and his duties regulated in accordance with, *inter alia*, the Companies Act. This amendment better aligns Regulation 139 with the relevant wording used in section 207 of the Companies Act.
- (m) **Regulation 141 (Article 141 of Existing Constitution)** – Regulation 141, which relates to the service of notices, has been amended to clarify that where a notice or other document is served or sent by post (whether by airmail or not), service or delivery shall be deemed to have been served at the time when the envelope or cover containing the same is posted (previously, service was deemed effected twenty-four hours after the cover containing the same is posted).

3.4 Schedule A and B

The proposed New Constitution is set out in Schedule A to this Appendix. The proposed adoption of a New Constitution is subject to Shareholders' approval. Shareholders may also refer to Schedule B to this Appendix, which sets out the principal provisions in the New Constitution which have been newly added and/or significantly updated as compared to equivalent provisions in the Existing Constitution in greater detail.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors in the Shares (as extracted from the Register of Directors' shareholdings), and the interests of the Substantial Shareholders in the Shares (as extracted from the Register of Substantial Shareholders) are as follows:

	Number of Shares					
	Direct Interest ⁽¹⁾	% ⁽²⁾	Deemed Interest	% ⁽²⁾	Total Interest	% ⁽²⁾
Directors						
Derek Goh Bak Heng	355,090,070	39.64	–	–	355,090,070	39.64
Tan Lye Heng Paul	240,000	0.03	–	–	240,000	0.03
Ravindran s/o Ramasamy	–	–	–	–	–	–
Ng Cher Yan	150,000	0.02	–	–	150,000	0.02
Goi Kok Neng	–	–	–	–	–	–
Substantial Shareholders						
Goi Seng Hui ⁽³⁾	100,707,038	11.24	24,862,800	2.78	125,569,838	14.02

Notes:

- (1) Including Shares held under nominees accounts.
- (2) “%” is based on 895,841,914 issued Shares (excluding treasury shares) as at the Latest Practicable Date.
- (3) Goi Seng Hui is deemed interested in the 24,862,800 shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Companies Act.

Save as disclosed above, none of the Directors and Substantial Shareholders or their respective Associates has any interest, direct or indirect, in the Share Buyback Mandate or the proposed adoption of the New Constitution.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

The 2017 AGM will be held at 8 Ubi View #05-01 Serial System Building Singapore 408554 on 28 April 2017 at 11.00 a.m. for the purpose of, *inter alia*, considering and, if thought fit, passing, with or without modification the Proposed Resolutions as set out in the notice of the 2017 AGM.

Shareholders who are unable to attend the 2017 AGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the proxy form attached to the notice of the 2017 AGM enclosed with the Annual Report 2016 in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of Company at 8 Ubi View #05-01 Serial System Building Singapore 408554, not later than 48 hours before the time fixed for the 2017 AGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the 2017 AGM if he so wishes in place of the proxy if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2017 AGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP pursuant to Part IIIA of the Securities and Futures Act at least 72 hours before the 2017 AGM.

6. DIRECTORS' RECOMMENDATIONS**6.1 Proposed renewal of the Share Buyback Mandate**

Save that Dr. Derek Goh has abstained from making any recommendation in respect of the proposed renewal of the Share Buyback Mandate, the Directors, having carefully considered, *inter alia*, the terms and rationale of the Share Buyback Mandate, are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the Ordinary Resolution relating to the proposed renewal of the Share Buyback Mandate to be proposed at the 2017 AGM.

6.2 Proposed adoption of the New Constitution

The Directors are of the opinion that the proposed adoption of the New Constitution is consistent with the Listing Manual prevailing at the time of amendment and is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Special Resolution relating to the proposed adoption of the New Constitution to be proposed at the 2017 AGM.

7. ABSTENTION FROM VOTING

In respect of the proposed renewal of the Share Buyback Mandate, Dr. Derek Goh, and Mr. Sean Goh and Mr. Sean Goh's spouse will abstain, and will procure their concert parties (if any) to abstain, from voting in respect of their holdings of Shares on the Ordinary Resolution, and will not accept any appointment as proxies or otherwise for voting on the Ordinary Resolution unless specific instructions have been given in the proxy form(s) on how the votes are to be cast in respect of the Ordinary Resolution.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate and the proposed adoption of the New Constitution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

9. DOCUMENTS FOR INSPECTION

A copy of the following documents may be inspected at the registered office of the Company at 8 Ubi View #05-01 Serial System Building Singapore 408554, during normal business hours from the date of this Appendix up to and including the date of the 2017 AGM:

- (a) the Annual Report 2016;
- (b) the Existing Constitution; and
- (c) the New Constitution.

Yours faithfully
For and on behalf of the Board of Directors of
Serial System Ltd

Dr. Derek Goh Bak Heng
Executive Chairman and Group CEO

**SCHEDULE A –
NEW CONSTITUTION OF THE COMPANY**

**THE COMPANIES ACT, CHAPTER 50
REPUBLIC OF SINGAPORE**

PUBLIC COMPANY LIMITED BY SHARES

**CONSTITUTION
OF
SERIAL SYSTEM LTD**

(Company Registration No: 199202071D)

Incorporated on the 22nd day of April 1992

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THE COMPANIES ACT, CHAPTER 50

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

SERIAL SYSTEM LTD

(Adopted by Special Resolution passed on 28 April 2017)

- A. The name of the Company is **"SERIAL SYSTEM LTD"**.
- B. The registered office of the Company is to be situated in the Republic of Singapore.
- C. The liability of the Members is limited.

- 1. The regulations in model constitution prescribed under Section 36(1) of the Companies Act, Chapter 50 shall not apply to the Company, except in so far as the same are repeated or contained in this Constitution.
- 2. In this Constitution (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively.

"Act"	The Companies Act, Chapter 50 or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force concerning companies and affecting the Company and any reference to any provision as so modified, amended or re-enacted or contained in any such subsequent Companies Act.
"address" or "registered address"	In respect of any Member, his physical address for service or delivery of notices or documents personally or by post, unless otherwise expressly provided in this Constitution.
"book-entry securities"	Listed securities: (a) documents of title to which are deposited by a Depositor with the CDP and are registered in the name of the CDP or its nominee; and (b) which are transferable by way of book-entry in the Depository Register and not by way of an instrument of transfer.
"CDP"	The Central Depository (Pte) Limited established by the Designated Stock Exchange or any other corporation appointed by the Minister as a depository company or corporation for the purpose of the SFA, which as bare trustee operates the Central Depository System for the holding and transfer of book-entry securities.
"Chairman"	The chairman of the Directors or the chairman of the General Meeting as the case may be.
"Chief Executive Officer"	The chief executive officer of the Company for the time being.
"Company"	The abovenamed Company by whatever name from time to time called.
"Constitution"	This Constitution or other regulations of the Company for the time being in force.

"current address"	Means the number or address used for electronic communication which: (a) has been notified by a Member in writing to the Company as one at which any notice or document may be sent to him; and (b) the Company has no reason to believe that that notice or document sent to the Member at that address will not reach him.
"Depositor"	A Depository Agent or a Direct Account Holder to the balance of whose Securities Account any shares are credited, but excluding a sub-account holder.
"Depository Agent"	A member of the Singapore Exchange Securities Trading Limited, a trust company (licensed under the Trust Companies Act, Chapter 336), a bank licensed under the Banking Act, Chapter 19, any merchant bank approved as a financial institution under the Monetary Authority of Singapore Act, Chapter 186, or any other person or body approved by CDP who or which: (a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between CDP and the Depository Agent; (b) deposits book-entry securities with CDP on behalf of the sub-account holders; and (c) establishes an account in its name with CDP.
"Depository Register"	A register maintained by CDP in respect of book-entry securities.
"Designated Stock Exchange"	The Singapore Exchange Securities Trading Limited for so long as the shares of the Company are listed and quoted on the Singapore Exchange Securities Trading Limited and/or such other stock exchange in respect of which the shares of the Company are listed or quoted.
"Direct Account Holder"	A person who has a Securities Account directly with CDP and not through a Depository Agent.
"Director"	Includes any person acting as director of the Company and includes any person duly appointed and acting for the time being as an alternate Director.
"Directors"	The directors of the Company for the time being, as a body or as a quorum present at a meeting of directors.
"Dividend"	Includes bonus and payment by way of bonus.
"electronic communication"	Means communication transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person): (a) by means of a telecommunication system; or (b) by other means but while in an electronic form, such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form.
"General Meeting"	A general meeting of the Company.
"in writing" or "written"	Written or produced by any substitute for writing or partly one and partly the other, and includes (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Act) printing, lithography, typewriting and any other mode of representing or reproducing words, symbols or other information which may be displayed in visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.
"market day"	A day on which the Designated Stock Exchange is open for trading in securities.

"Managing Director"	Any person appointed by the Directors to be managing director or executive chairman of the Company and the expression "Managing Director" shall include any equivalent appointment(s) howsoever described.
"Member and any references to a holder of any share or shareholder"	A registered holder of shares in the Company, or where such registered holder of any share or shareholder is CDP, a Depositor on whose behalf the CDP holds the shares, save that references in this Constitution to "Member(s)" shall where the Act requires, exclude the Company where it is a member by reason of its holding of its shares as treasury shares.
"month"	Calendar month.
"Office"	The registered office of the Company for the time being.
"Ordinary Resolution"	Means an ordinary resolution passed in accordance with the Act, being a resolution passed by a majority of not less than half of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy present at a General Meeting of which not less than fourteen days' written notice specifying the intention to propose the resolution as an ordinary resolution has been duly given.
"paid-up"	Paid-up or credited as paid-up.
"Register of Members"	The Company's register of Members.
"Register of Transfers"	The Company's register of transfers.
"Regulations"	The regulations of this Constitution as from time to time amended.
"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 SFA 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 the Central Provident Fund Act, Chapter 36 providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
"Seal"	The common seal of the Company.
"Secretary"	Any person appointed by the Directors to perform any of the duties of the Secretary or where two or more persons are appointed to act as Joint Secretaries any one of those persons.
"Securities Account"	The securities account maintained by a Depositor with CDP.
"SFA"	The Securities and Futures Act, Chapter 289 or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force affecting the Company and any reference to any provision as so modified, amended or re-enacted or contained in any such subsequent SFA.
"shares"	Shares in the capital of the Company.

"Special Resolution"	Means a special resolution passed in accordance with the Act, being a resolution passed by a majority of not less than three-fourths of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy present at a General Meeting of which not less than twenty-one days' written notice specifying the intention to propose the resolution as a special resolution has been duly given.
"Statutes"	The Act, SFA and every other written law or regulations for the time being in force concerning companies and affecting the Company.
"treasury shares"	Means shares in the capital of the Company which are purchased or otherwise acquired by the Company in accordance with Sections 76B to 76G of the Act.
"year"	Calendar year.

All such of the provisions of these Regulations as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" shall be construed accordingly.

References in the Regulations to "holder" or "holder(s)" of shares or a class of shares shall:

- (a) exclude CDP or its nominee (as the case may be), except where otherwise expressly provided in these Regulations, or where the term "registered holders" or "registered holder" is used in these Regulations;
- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of those shares; and
- (c) except where expressly provided in these Regulations, exclude the Company in relation to shares held by it as treasury shares,

and "holding" and "held" shall be construed accordingly.

The expression "clear days' notice" shall, for the purposes of calculating the number of days necessary before a notice is served or deemed to be served, be exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given.

Words denoting the singular shall include the plural and vice versa. Words denoting the masculine shall include the feminine. Words denoting persons shall include corporations.

Save as aforesaid, any words or expression defined in the Act or the Interpretation Act, Chapter 1, shall (if not inconsistent with the subject or context) bear the same meanings in these Regulations.

References in these Regulations to any enactment is a reference to that enactment as for the time being amended or re-enacted.

A Special Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Regulations.

The headnotes herein are inserted for convenience of reference only and shall not affect the construction of this Constitution.

ISSUE OF SHARES

3. (A) Subject to the Statutes and to these Regulations, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act or except as permitted under the rules of the Designated Stock Exchange, but subject thereto and the terms of such approval, and subject to Regulation 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and whether or not subject to the payment of any part of the amount (if any) thereof in cash or otherwise as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

(B) Subject to the terms and conditions of any application for shares and any applicable rules of the Designated Stock Exchange, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Designated Stock Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by these Regulations, all new shares shall be issued subject to the provisions of the Statutes and of these Regulations with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

(D) Except as herein provided, no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other moneys due for the time being on every share held by him.

(E) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

(F) The Company may issue shares for which no consideration is payable to the Company.

4. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares, the offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares or by reason of any other difficulty in apportioning the same) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

(B) Notwithstanding Regulation 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-

- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:-

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;
- (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Regulations; and
- (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(C) The Company may, notwithstanding Regulations 5(A) and 5(B) above, authorise the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

6. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
7. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.
8. (A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrear.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

9. (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, only be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Regulations relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Regulation 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential or other rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

10. (A) The Company may by Ordinary Resolution:
 - (a) consolidate and divide all or any of its share capital;
 - (b) sub-divide its shares, or any of them (subject nevertheless to the provisions of the Statutes and this Constitution), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;
 - (c) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency; and/or

- (d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

(B) The Company may by Special Resolution, subject to and in accordance with the Act, convert one class of shares into another class of shares.

11. (A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.

(B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereinafter, the “**Relevant Laws**”), on such terms and in such manner as it may from time to time think fit, and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Regulations and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

SHARE CERTIFICATES

12. (A) Subject to the Statutes, every certificate shall be issued under the Seal and shall bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Director and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical, electronic or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company. No certificate shall be issued representing shares of more than one class.

(B) The provisions in this Regulation and in Regulations 13 to 16 (so far as they are applicable) shall not apply to transfer of book-entry securities.

13. (A) The Company shall not be bound to register more than three persons as joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased Member.

(B) Only one certificate shall be issued in respect of any share.

(C) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all. Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share.

14. Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or the date of lodgement of a registrable transfer or on a transmission of shares (as the case may be), to receive one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

15. (A) Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the Member shall pay (in the case of sub-division) a maximum fee of S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Statutes and the Designated Stock Exchange from time to time) for each new certificate. Where only some of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.

(B) Any two or more certificates representing shares of any one class held by any Member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.

16. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a written indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and in case of defacement or wearing out on delivery of the old certificate, and in any case on payment of such sum not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

CALLS ON SHARES

17. The Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares but subject always to the terms of issue of such shares and this Constitution. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.
18. Each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.
19. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.
20. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these Regulations be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
21. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.
22. The Directors may if they think fit receive from any Member willing to advance the same all or any part of the monies uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made and upon the monies so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum, unless the Company in general meeting otherwise directs) as the Member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.

FORFEITURE AND LIEN

23. If a Member fails to pay in full any call or instalment of a call on or before the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.
24. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.
25. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all Dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

26. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorise some person to transfer a share so forfeited or surrendered to any such other person as aforesaid.
27. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all monies which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment, and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.
28. The Company shall have a first and paramount lien on every share (not being a fully paid share) and Dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation 28.
29. (A) The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

(B) In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.
30. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities (including unpaid calls and accrued interest and expenses) and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assignees, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser.
31. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, the Depository Register) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share, or where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.

TRANSFER OF SHARES

32. All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and the Designated Stock Exchange. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the CDP or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the CDP or its nominee (as the case may be). The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.
33. The Registers of Members and of Transfers may be closed, and the registration of transfers may be suspended, at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to the Designated Stock Exchange, stating the period and purpose or purposes for which such closure is made.

34. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve (to the extent permitted by the listing rules of the Designated Stock Exchange), Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant, transferor and/or the transferee stating the facts which are considered to justify the refusal as required by the Statutes.
- (B) The Directors may decline to register any instrument of transfer unless:
- (a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Statutes and the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;
 - (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;
 - (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
 - (d) the instrument of transfer is in respect of only one class of shares.
35. All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same except in the case of fraud.
36. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all Dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:
- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
 - (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation; and
 - (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

37. (A) In case of the death of a Member whose name is registered in the Register of Members, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(B) In the case of the death of a Member who is a Depositor, the survivors or survivor, where the deceased is a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder and where such executors or administrators are entered into the Depository Register in respect of any shares to the deceased Member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.

(C) Nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.

38. (A) Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. The Directors shall, in any case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.

(B) If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing (in a form as may be approved by the Directors from time to time) signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer executed by such Member.

39. (A) Save as otherwise provided by or in accordance with these Regulations, a person becoming entitled to a share by transmission (and upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same Dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to General Meetings of the Company until he shall have been registered as a Member in respect of the share.

(B) The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with.

40. There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require.

CENTRAL DEPOSITORY SYSTEM

41. A reference to a Member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:

(a) except as required by the Statutes or law, a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP seventy-two hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy or proxies of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between such number of proxies, to apportion the said number of shares between the proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between such number of proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;

- (b) the payment by the Company to CDP of any Dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;
- (c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and
- (d) the provisions in these Regulations relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

EXCLUSION OF EQUITIES

- 42. Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Regulations or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than CDP or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share and nothing in these Regulations contained relating to CDP or to Depository Agents or to Depositors or in any depository agreement made by the Company with any common depository for shares, or in any notification of substantial shareholding to the Company shall in any circumstances be deemed to limit, restrict or qualify the above. Any proxy or instructions on any matter whatsoever given by CDP or Depository Agents or Depositors to the Company and/or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.

STOCK

- 43. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.
- 44. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
- 45. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

GENERAL MEETINGS

- 46. Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place in Singapore as may be determined by the Directors (subject to the listing rules of the Designated Stock Exchange). All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months or such other period as prescribed by the Act and the byelaws and listing rules of the Designated Stock Exchange or other legislation applicable to the Company from time to time.
- 47. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

48. Any Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one clear days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen clear days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in manner hereinafter mentioned to all Members other than those who are not under the provisions of these Regulations and the Statutes entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:
- (a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and
 - (b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at thereat,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen clear days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one clear days' notice in writing of such Extraordinary General Meeting shall be given by advertisement in the daily press and in writing to the Designated Stock Exchange.

49. (A) Every notice calling a General Meeting shall specify the place in Singapore, day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy need not be a Member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any General Meeting at which business other than routine business ("special business") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.
50. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:
- (a) declaring Dividends;
 - (b) receiving and adopting the financial statements, the Directors' statement, the Auditors' reports and other documents required to be attached or annexed to the financial statements;
 - (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
 - (d) appointing Auditors or re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
 - (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
 - (f) fixing the Directors fees.
51. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

52. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as Chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any General Meeting neither be present within fifteen minutes after the time appointed for holding the meeting nor willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be Chairman of the General Meeting. If required by the listing rules of the Designated Stock Exchange, all general meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation, or unless such requirement is waived by the Designated Stock Exchange.

53. No business other than the appointment of a Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two Members present in person or by proxy, provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining if the quorum aforesaid is present; and (ii) where a Member is represented by more than one proxy, such proxies of such Member shall only count as one Member for purposes of determining if the quorum aforesaid is present. In addition, for the purposes of a quorum, joint holders of any share shall be treated as one Member.
54. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint.
55. The Chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned *sine die*, the time and place for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or *sine die*, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
56. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting.
57. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the General Meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
58. (A) If required by the listing rules of the Designated Stock Exchange, a resolution put to the vote at any General Meeting shall be decided by a poll (unless such requirement is waived by the Designated Stock Exchange).
- (B) Subject to Regulation 58(A), at any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person and entitled to vote, unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- (a) the Chairman of the meeting;
 - (b) not less than two Members present in person or by proxy and entitled to vote;
 - (c) any Member or Members present in person or by proxy, or where such a Member has appointed two or more proxies any one of such proxies, or any number or combination of such Members or proxies, holding or representing as the case may be not less than 5% of the total voting rights of all the Members having the right to vote at the General Meeting; or
 - (d) any Member present in person or by proxy, or where such a Member has appointed two proxies any one of such proxies, or any number or combination of such Members or proxies, holding shares conferring a right to vote at the General Meeting, being shares on which an aggregate sum has been paid up equal to not less than 5% of the total sum paid up on all the shares conferring that right,

Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.

59. Unless a poll is required, a declaration by the Chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets or electronic means) as the Chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was required. The Chairman of the General Meeting may (and, if required by the listing rules of the Designated Stock Exchange or if so directed by the meeting shall) appoint scrutineers (if and where required by the listing rules of the Designated Stock Exchange, (i) at least one scrutineer shall be appointed for each General Meeting and the appointed scrutineer(s) shall be independent of the persons undertaking the polling process; and (ii) the appointed scrutineer(s) shall (a) ensure that satisfactory procedures of the voting process are in place before the general meeting; and (b) direct and supervise the count of the votes cast through proxy and in person) and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

60. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the General Meeting at which the show of hands takes place or at which the poll is required shall be entitled to a casting vote.
61. A poll required on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman of the General Meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the General Meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

62. (A) Subject to any special rights, privileges or restrictions as to voting attached by or in accordance with these Regulations to any class of shares, and to Regulation 4, each Member entitled to vote may vote in person or by proxy.
- (B) On a show of hands every Member who is present in person or by proxy shall have one vote, provided that:
- (a) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and
 - (b) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.
- (C) On a poll every Member who is present in person or by proxy shall have one vote for every share of which he holds or represents.
- (D) For the purposes of determining the number of votes which a Member, being a Depositor, or his proxy or proxies may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting. A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a Member, or attend, vote or act at any General Meeting.
63. In the case of joint holders of a share, any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto, but if more than one of such persons is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the name which stands first in the Register of Members or, as the case may be, the name which appears first in the Depository Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.
64. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to such evidence of the appointment as the Directors may require being deposited at the Office not less than seventy-two hours before the time appointed for holding the General Meeting, permit such receiver or other person on behalf of such Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.
65. No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to General Meetings if any call or other sum payable by him to the Company in respect of such shares remains unpaid.
66. No objection shall be raised as to the admissibility of any vote except at the General Meeting or adjourned General Meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the Chairman of the General Meeting whose decision shall be final and conclusive.
67. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

68. (A) Save as otherwise provided in the Act:
- (a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and
 - (b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- (B) (a) In any case where a Member is a Depositor, the Company shall be entitled and bound:
- (i) to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting; and
 - (ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at seventy-two hours before the time of the relevant General Meeting, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and
- (b) the Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) Where a Member appoints more than one proxy, the Member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (D) A proxy need not be a Member of the Company.
69. (A) An instrument appointing a proxy for any Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) in the case of an individual Member:
 - (i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or
 - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and
 - (b) in the case of a Member which is a corporation:
 - (i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or
 - (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a Member (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Regulation, failing which the instrument of proxy may be treated as invalid.

(C) The Directors may, in their absolute discretion:

- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
- (b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulation 69(A)(a)(ii) and 69(A)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 69(A)(a)(i) and/or (as the case may be) Regulation 69(A)(b)(i) shall apply.

70. (A) An instrument appointing a proxy or the power of attorney or other authority, if any:

- (a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or
- (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting,

and in either case not less than seventy-two hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid.

(B) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 70(A)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 70(A)(a) shall apply.

(C) An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

- 71. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting.
- 72. A vote cast by proxy in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.
- 73. Subject to these Regulations and the Statutes, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow Members who are unable to vote in person at any General Meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

CORPORATIONS ACTING BY REPRESENTATIVES

- 74. Any corporation which is a Member of the Company may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of these Regulations (but subject to the Statutes) be deemed to be present in person at any such meeting if a person so authorised is present thereat.

DIRECTORS

75. Subject as hereinafter provided and subject to the Act, the Directors, all of whom shall be natural persons, shall not unless otherwise determined by a General Meeting from time to time be less than two or more than twelve in number. The Company may by Ordinary Resolution from time to time vary the maximum number of Directors.
76. A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.
77. The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.
78. Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, Provided that such extra remuneration (in case of an executive Director) shall not be by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.
79. The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.
80. Subject to the provisions of the Statutes, the Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.
81. (A) A Director may be party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity other than that of Auditor of the Company or any subsidiary thereof for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof provided that he complies with the requirements of the Act and the rules of the Designated Stock Exchange.
- (B) Every Director and Chief Executive Officer (or person(s) holding an equivalent position) shall observe the provisions of the Statutes relating to the disclosure of the interests of the Directors and Chief Executive Officers (or person(s) holding an equivalent position) in transactions or proposed transactions with the Company or of any office or property held by a Director or a Chief Executive Officer (or person(s) holding an equivalent position) which might create duties or interests in conflict with his duties or interests as a Director or a Chief Executive Officer (or an equivalent position), as the case may be.
82. (A) The Directors may from time to time appoint one or more of their body to be the Chairman or Deputy Chairman of the Company (whether such appointment is executive or non-executive in nature) or to be the holder of any executive office under the Company or under any other company in which the Company is in any way interested on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.
- (B) The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

(C) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.

83. The Directors may entrust to and confer upon any Directors holding any executive office under the Company or any other company as aforesaid any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

MANAGING DIRECTORS

84. The Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors or such equivalent positions of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places. Where such an appointment is for a fixed term, such term shall not exceed five years.
85. A Managing Director or a person holding an equivalent position shall be subject to the control of the Directors but subject thereto the Directors may from time to time entrust to and confer upon a Managing Director or a person holding an equivalent position for the time being such of the powers exercisable under these Regulations by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.
86. A Managing Director shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the rotation of retirement of Directors but he shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and if he ceases to hold the office of Director from any cause he shall *ipso facto* and immediately cease to be a Managing Director.
87. The remuneration of a Managing Director shall from time to time be fixed by the Directors and may subject to these Regulations be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

APPOINTMENT AND RETIREMENT OF DIRECTORS

88. The Company may by Ordinary Resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy. Without prejudice thereto the Directors shall also have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with these Regulations. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.
89. Subject to these Regulations and the Act, at each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) with a minimum of one, shall retire from office by rotation, provided that no Director holding office as Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director) shall retire at least once every three years.
90. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for re-election.
91. The Company at a General Meeting at which a Director retires under any provision of these Regulations may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:
- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost;

- (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected or where such Director is disqualified under the Act from holding office as a Director;
- (c) where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
- (d) where the default is due to the moving of a resolution in contravention of the next following Regulation.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

92. A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this provision shall be void.
93. No person, other than a Director retiring at a General Meeting, shall, unless recommended by the Directors for re-election, be eligible for appointment as a Director at any General Meeting unless not less than eleven clear days and not more than forty-two days (inclusive of the day on which the notice is given) before the day appointed for the meeting there shall have been left at the Office notice in writing signed by some Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office or the intention of such Member to propose him. Provided that in the case of a person recommended by the Directors for election nine clear days' notice shall be necessary and notice of each and every candidate for election shall be served on all Members at least seven clear days prior to the meeting at which the election is to take place.
94. The office of a Director shall be vacated in any of the following events, namely:
 - (a) if he shall cease to be a Director by virtue of the Act or become prohibited or disqualified by the Statutes or any other law from acting as a Director;
 - (b) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;
 - (c) if he shall become bankrupt or have a receiving order made against him or shall make any arrangement or composition with his creditors generally;
 - (d) if he becomes of unsound mind or mentally disordered and incapable of managing himself or his affairs, or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;
 - (e) if he is absent, for more than six months and without leave of the Directors, from meetings of the Directors held during that period;
 - (f) if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds, he shall immediately resign from the Board of Directors; or
 - (g) if he is removed by the Company in General Meeting pursuant to these Regulations.
95. The Company may in accordance with and subject to the provisions of the Statutes, by Ordinary Resolution of which special notice has been given, remove any Director from office (notwithstanding any provision of these Regulations or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a Director so removed from office, and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last appointed a Director. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy.

ALTERNATE DIRECTORS

96. (A) Any Director may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person (other than another Director or a person who has already been appointed alternate for another Director) to be his alternate Director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by a majority of the Directors, shall have effect only upon and subject to being so approved. An alternate Director may be removed by resolution of the Board of Directors.
- (B) The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director concerned (below called "his principal") ceases to be a Director.
- (C) An alternate Director shall (except when absent from Singapore) be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his principal is not personally present and generally at such meeting to perform all functions of his principal as a Director, and for the purposes of the proceedings at such meeting the provisions of these Regulations shall apply as if he (instead of his principal) were a Director. If his principal is for the time being absent from Singapore or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. To such extent as the Directors may from time to time determine in relation to any committees of the Directors, the foregoing provisions of this paragraph shall also apply *mutatis mutandis* to any meeting of any such committee of which his principal is a member. An alternate Director shall not (save as aforesaid) have any power to act as a Director nor shall he be deemed to be a Director for any other purposes of these Regulations.
- (D) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct provided that any fees payable to him shall be deducted from his principal's remuneration.
- (E) Any appointment or removal of an alternate Director shall be effected by notice in writing under the hand of the Director making the appointment or removal.
- (F) No Director shall act as an alternate Director of the Company. A person shall not act as alternate Director to more than one Director at the same time.

MEETINGS AND PROCEEDINGS OF DIRECTORS

97. Subject to the provisions of these Regulations, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time, any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of Directors. The accidental omission to give to the Director, or the non-receipt by any Director of, a notice of meeting of Directors shall not invalidate the proceedings at that meeting. Any Director may waive notice of any meeting and any such waiver may be retroactive. Directors may participate in a meeting of the Directors by means of a conference telephone, video conferencing, audio visual, or other similar communications equipment by means of which all persons participating in the meeting can hear each other, without a Director being in the physical presence of another Director or Directors, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Such a meeting shall be deemed to take place where the largest group of Directors physically present for the purpose of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is physically present. The minutes of the proceedings at such meeting by telephone or other means of communication shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as the correct minutes by the Chairman of the meeting.
98. The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number, shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.
99. Questions arising at any meeting of the Directors shall be determined by a majority of votes. In case of an equality of votes (except where only two Directors are present and form the quorum or when only two Directors are competent to vote on the question in issue), the Chairman of the meeting shall have a second or casting vote.
100. A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has directly or indirectly a personal material interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

101. The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Regulations, the continuing Directors or Director may, except in an emergency, act only for the purpose of filling up such vacancies or of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two Members may summon a General Meeting for the purpose of appointing Directors.
102. (A) The Directors may from time to time elect from their number a Chairman and a Deputy Chairman (or two or more Deputy Chairmen), and determine the period for which each is to hold office. If no Chairman or Deputy Chairman is elected or if at any meeting of the Directors no Chairman or Deputy Chairman is present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
- (B) If at any time there is more than one Deputy Chairman, the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the Deputy Chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.
103. A resolution in writing signed by the majority of the Directors or their alternates (who are not prohibited by these Regulations from voting on such resolutions), being not less than are sufficient to form a quorum shall be as effective as a resolution duly passed at a meeting of the Directors and may consist of several documents in the like form, each signed by one or more Directors. The expressions "in writing" and "signed" include approval by any such Director by telefax, telex, cable or telegram or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.
104. The Directors may delegate any of their powers or discretion to committees consisting of one or more members of their body and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.
105. The meetings and proceedings of any such committee consisting of two or more Members shall be governed *mutatis mutandis* by the provisions of these Regulations regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations made by the Directors under the last preceding Regulation.
106. All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was defect in the appointment of any of the persons acting as aforesaid, or that any such persons was at the time of his appointment not qualified for appointment or subsequently became disqualified or had vacated office, or was not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or Member of the committee and had been entitled to vote.

AUDIT COMMITTEE

107. An audit committee shall be appointed by the Directors in accordance with Section 201B of the Act.

BORROWING POWERS

108. Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

GENERAL POWERS OF DIRECTORS

109. The business and affairs of the Company shall be managed by or under the direction or supervision of the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these Regulations required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of this Constitution, to the provisions of the Statutes and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Regulation shall not be limited or restricted by any special authority or power given to the Directors by any other Regulation.

110. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking save in accordance with the Act.
111. The Directors may establish any local boards or agencies for managing any of the affairs of the Company, either in Singapore or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the members of any local boards, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
112. The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Regulations) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.
113. The Company or the Directors on behalf of the Company may in exercise of the powers in that behalf conferred by the Statutes cause to be kept a Branch Register, or Branch Registers, of Members and the Directors may (subject to the provisions of the Statutes) make and vary such regulations as they may think fit in respect of the keeping of any such Register.
114. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.
115. (A) The Directors shall cause minutes to be duly made and entered in books provided for such purpose:
- (a) of all appointments of officers to be engaged in the management of the Company's affairs;
 - (b) of the names of the Directors present at all meetings of the Company, of the Directors and of any committee of Directors; and
 - (c) of all resolutions and proceedings at all meetings of the Company, of any class of Members, of the Directors and of any committee of Directors, and of its Chief Executive Officers (if any).

Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, and such minutes shall be conclusive evidence without any further proof of the facts stated therein.

- (B) The Directors shall keep Registers as required by the Statutes.

SECRETARY

116. The Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. If thought fit, two or more persons may be appointed as Joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit one or more Assistant Secretaries. The appointment and duties of the Secretary or Joint Secretaries shall not conflict with the provisions of the Act and in particular Section 171 of the Act.

SEAL

117. (A) Subject to the Statutes, the Directors shall provide for the safe custody of the Seal which shall not be used without the authority of the Directors or of a committee authorised by the Directors in that behalf.
- (B) The general powers given by this Regulation shall not be limited or restricted by any special authority or power given to the Directors by any other Regulation.

118. Subject to the Statutes, every instrument to which the Seal shall be affixed shall be signed autographically or by facsimile by one Director and the Secretary or by two Directors or some other person appointed by the Directors, save that as regards any certificates for shares or debentures or other securities of the Company, the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method of mechanical electronic signature or other method approved by the Directors.
119. (A) The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.
- (B) The Company may exercise the powers conferred by the Statutes with regard to having a duplicate Seal as referred to in Section 124 of the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal".

KEEPING OF STATUTORY RECORDS

120. Any register, index, minute book, accounting record, minute or other book required to be kept by the Company under the Statutes may, subject to and in accordance with the Act, be kept either in hard copy or in electronic form, and arranged in the manner that the Directors think fit. If such records are kept in electronic form, the Directors shall ensure that they are capable of being reproduced in hard copy form, and shall provide for the manner in which the records are to be authenticated and verified. In any case where such records are kept otherwise than in hard copy form, the Directors shall take reasonable precautions for ensuring the proper maintenance and authenticity of such records, guarding against falsification and facilitating the discovery of any falsifications. The Company shall cause true English translations of all accounts, minute books or other records required to be kept by the Company under the Statutes which are not kept in English to be made from time to time at intervals of not more than seven days, and shall keep the translations with the originals for so long as the originals are required under the Statutes to be kept. The Company shall also keep at the Office certified English translations of all instruments, certificates, contracts or documents not written in English which the Company is required under the Statutes to make available for public inspection.

AUTHENTICATION OF DOCUMENTS

121. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee of Directors and any books, records, documents, accounts and financial statements relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and where any books, records, documents, accounts or financial statements are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee, which is certified as aforesaid, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this Regulation may be made by any electronic means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

RESERVES

122. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.

DIVIDENDS

123. Subject to the Statutes, the Company may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors.
124. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends on any class of shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

125. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:
- (a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
 - (b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.

For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.

126. (A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such monies unclaimed after six (6) years from having been first payable may be forfeited and if so shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or monies to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or monies against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other monies are first payable.

(B) A payment by the Company to CDP of any Dividend or other monies payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

127. No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

128. (A) The Directors may retain any Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

(C) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

(D) The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith.

129. The waiver in whole or in part of any Dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

130. Subject to the provisions of the Statutes, the Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a Dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company or in any one or more of such ways) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

131. Any Dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
132. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend, return of capital or other monies payable or property distributable on or in respect of the share.
133. Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such Dividend of transferors and transferees of any such shares.
134. (A) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary shares of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit.

In such case, the following provisions shall apply:

- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;
- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and (notwithstanding any provision of the Regulations to the contrary), the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

- (B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Regulation shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation, application, payment and distribution of funds pursuant to the provisions of paragraph (A) of this Regulation, with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in these Regulations, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down), or whereby the benefit of fractional entitlements accrues to the Company rather than the Members and to authorize any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation 134, determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation 134 shall be read and construed subject to such determination.
- (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation 134, further determine that no allotment of ordinary shares or rights of election for ordinary shares under that paragraph shall be made available or made to Members whose registered addresses entered the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (E) Notwithstanding the foregoing provisions of this Regulation 134, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Regulation 134 in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of paragraph (A) of this Regulation 134.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

135. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Regulation 5(B)):
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 5(B)) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares; and/or
- (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
- (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

- (ii) (in the case of an Ordinary Resolution passed pursuant to Regulation 5(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under this Regulation 135, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(C) In addition and without prejudice to the powers provided for by this Regulation 135, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other monies of the Company not required for the payment or provision of any Dividend on any shares entitled to cumulative or non-cumulative preferential Dividends (including profits or other monies carried and standing to any reserve or reserves) and to apply such profits or other monies in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by Members in General Meeting and on such terms as the Directors shall think fit.

(D) The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

FINANCIAL STATEMENTS

136. (A) The Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Statutes, and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited.

(B) Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes, shall be kept at the Office or at such other place as the Directors think fit within Singapore. No Member of the Company or other person (other than a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or ordered by a court of competent jurisdiction or authorised by the Directors or by an Ordinary Resolution of the Company.

137. The Directors shall from time to time, in accordance with the provisions of the Act and the rules of the Designated Stock Exchange, cause to be prepared and to be laid before a General Meeting of the Company financial statements, balance sheets, reports, statements and other documents as may be prescribed by the said Act.

138. A copy of the financial statements and, if required, balance-sheet (including every document required by law to be attached or annexed thereto), which is duly audited and which is laid before the Company in General Meetings accompanied by a copy of the Auditor's report therein, shall not less than fourteen days before the date of the meeting be sent to every Member of the Company and to every other person who is entitled to receive notices of General Meetings under the provisions of the Statutes or of these Regulations, Provided always that and subject to the provisions of the listing rules of the Designated Stock Exchange (a) these documents may be sent less than fourteen days before the date of the General Meeting if all persons entitled to receive notices of General Meetings from the Company so agree; and (b) this Regulation shall not require a copy of these documents to be sent to more than one of any joint holders or to any person of whose address the Company is not aware or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

AUDITORS

139. (A) An Auditor shall be appointed and his duties regulated in accordance with the provisions of the Act. Every Auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act.

(B) Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

140. An Auditor shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any Member is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns him as Auditor.

NOTICES

141. (A) Any notice or document (including a share certificate) may be served on or delivered to any Member by the Company either personally or by sending it through the post in a prepaid cover addressed to such Member at his Singapore registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company, or (as the case may be) CDP as his address for the service of notices, or by delivering it to such address as aforesaid. Where any notice or other document is served or delivered by post (whether by airmail or not), service or delivery shall be deemed to have been served at the time the envelope or cover containing the same is posted, and in proving such service or delivery, it shall be sufficient to prove that such envelope or cover was properly addressed, stamped and posted.

(B) Without prejudice to the provisions of Regulation 141(A), but subject otherwise to any applicable laws relating to electronic communications and the listing rules of the Designated Stock Exchange, any notice or document (including, without limitation, any accounts, balance sheet, financial statements or report) which is required or permitted to be given, sent or served under applicable laws or under this Constitution by the Company, or by the Directors, to a Member may be given, sent or served using electronic communications:

- (a) to the current address of that person;
- (b) by making it available on a website prescribed by the Company from time to time, or
- (c) in such manner as such Member expressly consents to by giving notice in writing to the Company,

in accordance with the provisions of this Constitution and any applicable laws and the listing rules of the Designated Stock Exchange.

(C) For the purposes of Regulation 141(B) above, a Member shall be implied to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.

(D) Notwithstanding Regulation 141(C) above, the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and such Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.

(E) Where a notice or document is given, sent or served by electronic communications:

- (a) to the current address of a person pursuant to Regulation 141(B)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under applicable laws; or
- (b) by making it available on a website pursuant to Regulation 141(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under applicable laws, subject to compliance with the listing rules of the Designated Stock Exchange.

142. Any notice given to that one of the joint holders of a share whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose, a joint holder having no registered address in Singapore and not having supplied an address within Singapore for the service of notices shall be disregarded.

143. A person entitled to a share in consequence of the death or bankruptcy of a Member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company or (as the case may be) CDP an address within Singapore for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the Member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid, any notice or document delivered or sent by post to or left at the registered address or given, sent or served by electronic communication to the current address (as the case may be) of any Member in pursuance of these Regulations shall, notwithstanding that such Member be then dead or bankrupt or in liquidation or otherwise not entitled to such share, and whether or not the Company or (as the case may be) CDP have notice of the same, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member in the Register of Members or, where such Member is a Depositor, entered against his name in the Depository Register as sole or first-named joint holder.
144. A Member who (having no registered address within Singapore) has not supplied to the Company or (as the case may be) CDP an address within Singapore for the service of notices shall not be entitled to receive notices or documents from the Company.

MEMBERS WHOSE WHEREABOUTS ARE UNKNOWN

145. If the Company is unable, for not less than ten (10) years and despite the exercise of reasonable diligence, to discover the whereabouts of a Member, it may exercise its power under the Statutes to transfer the shares of the Member to the Official Receiver of Singapore for sale by the Official Receiver and credit of the proceeds thereof into the Singapore Companies Liquidation Account, and thereafter any person claiming the shares otherwise than through the Official Receiver shall only be entitled to claim against the said Account or the Singapore Consolidated Fund as the case may be, in accordance with the provisions of the Statutes.

WINDING UP

146. The Directors shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
147. If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a Special Resolution, divide among the Members *in specie* or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members of different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.
148. If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital which *at* the commencement of the winding up is paid up on the shares held by them respectively. This Regulation is, however, subject to the rights of any shares which may be issued on special terms or conditions.
149. On a voluntary winding up of the Company, no commission or fee shall be paid to a Liquidator without the prior approval of the Members in General Meeting. The amount of such commission or fee shall be notified to all Members not less than seven days prior to the General Meeting at which it is to be considered.

INDEMNITY

150. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company, and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court. Without prejudice to the generality of the foregoing, no Director, Manager, Secretary or other officer of the Company shall be liable for the acts, receipts, neglect or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects, shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.
151. The Company must not indemnify any person in respect of any costs, charges, losses, expenses and liabilities, or pay any premium for a contract, if and to the extent that the Company is prohibited by law from doing so.

PERSONAL DATA OF MEMBERS

152. (A) A Member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:
- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
 - (b) internal analysis and/or market research by the Company (or its agents or service providers);
 - (c) investor relations communications by the Company (or its agents or service providers);
 - (d) administration by the Company (or its agents or service providers) of that Member's holding of shares in the capital of the Company;
 - (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;
 - (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);
 - (g) implementation and administration of, and compliance with, any provision of these Regulations;
 - (h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and
 - (i) purposes which are reasonably related to any of the above purpose.
- (B) Any Member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such Member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in Regulation 151(A)(f), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such Member's breach of warranty.

SCHEDULE B – MATERIAL DIFFERENCES BETWEEN EXISTING CONSTITUTION AND NEW CONSTITUTION

The material differences between the Existing Constitution and the New Constitution are set out below. Insertions are reflected as underlined and deletions are reflected as struck-through.

1. MODEL CONSTITUTION NOT TO APPLY

Regulation 1

The material differences between Article 1 of the Existing Constitution and Regulation 1 of the New Constitution are as follows:

The regulations in ~~Table A in the Fourth Schedule to~~ model constitution prescribed under Section 36(1) of the Companies Act, Chapter 50 (as amended) shall not apply to the Company, except in so far as the same are repeated or contained in this Constitution.

2. DEFINITIONS

The material differences between the “Definitions” section of the Existing Constitution (Article 2) and the New Constitution (Regulation 2) are as follows:

“address” or “registered address” In respect of any Member, his physical address for service or delivery of notices or documents personally or by post, unless otherwise expressly provided in this Constitution.

“CDP” The Central Depository (Pte) Limited established by the Designated Stock Exchange or any other corporation appointed by the Minister as a depository company or corporation for the purpose of the SFA, which as bare trustee operates the Central Depository System for the holding and transfer of book-entry securities.

“Chief Executive Officer” The chief executive officer of the Company for the time being.

“current address” Means the number or address used for electronic communication which:
(a) has been notified by a Member in writing to the Company as one at which any notice or document may be sent to him; and
(b) the Company has no reason to believe that that notice or document sent to the Member at that address will not reach him.

“Depositor” A Depository Agent or a Direct Account Holder to the balance of whose Securities Account any shares are credited, but excluding a sub-account holder.

“Depository Agent” A member company of the Singapore Exchange Securities Trading Limited, a trust company (registered/licensed under the Trust Companies Act, Chapter 336), a banking corporation or bank licensed under the Banking Act, Chapter 19, any merchant bank (approved by the Monetary Authority of Singapore as a financial institution under the Monetary Authority of Singapore Act, Chapter 186), 186, or any other person or body approved by CDP who or which:
(a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between CDP and the Depository Agent;
(b) deposits book-entry securities with CDP on behalf of the sub-account holders; and
(c) establishes an account in its name with CDP.

<u>"electronic communication"</u>	<u>Means communication transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person):</u> (a) <u>by means of a telecommunication system; or</u> (b) <u>by other means but while in an electronic form,</u> <u>such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form.</u>
<u>"in writing" or "written"</u>	<u>Written or produced by any substitute for writing or partly one and partly the other, and includes (except where otherwise expressly specified in this Constitution or the context otherwise requires, and subject to any limitations, conditions or restrictions contained in the Act) printing, lithography, typewriting and any other mode of representing or reproducing words, symbols or other information which may be displayed in visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.</u>
<u>"Ordinary Resolution"</u>	<u>Means an ordinary resolution passed in accordance with the Act, being a resolution passed by a majority of not less than half of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy present at a General Meeting of which not less than fourteen days' written notice specifying the intention to propose the resolution as an ordinary resolution has been duly given.</u>
<u>"relevant intermediary"</u>	<u>Means:</u> (a) <u>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;</u> (b) <u>a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or</u> (c) <u>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 the Central Provident Fund Act, Chapter 36 providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.</u>
<u>"SFA"</u>	<u>The Securities and Futures Act, Chapter 289 or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force affecting the Company and any reference to any provision as so modified, amended or re-enacted or contained in any such subsequent SFA.</u>
<u>"Special Resolution"</u>	<u>Means a special resolution passed in accordance with the Act, being a resolution passed by a majority of not less than three-fourths of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy present at a General Meeting of which not less than twenty-one days' written notice specifying the intention to propose the resolution as a special resolution has been duly given.</u>
<u>"Statutes"</u>	<u>The Act, SFA and every other written law or regulations for the time being in force concerning companies and affecting the Company.</u>

3. ISSUE OF SHARES

The material differences between Article 3(A) of the Existing Constitution and Regulation 3(A) of the New Constitution in the "Issue of Shares" section are as follows:

Regulation 3(A)

3. (A) Subject to ~~the Statutes and to these presents~~Regulations, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act or except as permitted under the rules of the Designated Stock Exchange, but subject thereto and the terms of such approval, and subject to Article 4, Regulation 5, and to any special rights attached to any shares for the time being issued, the Directors may allot ~~(with or without conferring a right of renunciation)~~and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration ~~(if any)~~ and at such time and whether or not subject to the payment of any part of the amount ~~(if any)~~ thereof in cash or otherwise as the Directors may think fit, ~~and any shares may, subject to compliance with Sections 70 and 75 of the Act and subject to such limitation thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus, voting, conversion or otherwise, as the Directors may think fit, and preference.~~ Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that:
- (a) ~~no Director shall participate in any issue of shares to employees unless the Company in General Meeting shall have approved in advance the specific allotment to be made to such Director and unless he holds office in an executive capacity;~~
 - (b) ~~no shares shall be issued to transfer a controlling interest in the Company without the specific prior approval of the Company in General Meeting; and~~
 - (c) ~~no options~~ no options shall be granted over unissued shares except in accordance with the Act and the listing rules of the stock exchange upon which the shares in the Company may be listed. Designated Stock Exchange's listing rules.

The following Regulations 3(E) and 3(F) are added in the "Issue of Shares" section of the New Constitution:

Regulation 3(E)

3. (E) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.

Regulation 3(F)

3. (F) The Company may issue shares for which no consideration is payable to the Company.

4. ALTERATION OF SHARE CAPITAL

The material differences between Article 10 of the Existing Constitution and Regulation 10 of the New Constitution in the "Alteration of Share Capital" section are as follows:

Regulation 10

10. (A) The Company may by Ordinary Resolution:
- (a) consolidate and divide all or any of its share capital;
 - (b) sub-divide its shares, or any of them (subject nevertheless to the provisions of the Statutes and this Constitution), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;
 - (c) subject to the provisions of the Statutes, sub-divide its shares, or any of them, provided always that the proportion of the amount paid to the amount unpaid (if any) on each sub-divided share is the same as on the original share from which it was derived; and the resolution whereby any share is sub-divided being otherwise permitted to determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred, qualified or other special rights, or be subject to any such restrictions, as the Company has then the authority to attach to unissued or new shares; this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency; and/or

- (d) ~~subject to the provisions of the Statutes, convert or exchange any class of shares into or for any other class of shares cancel any the number of shares which; at the date of the passing of the resolution; in that behalf have not been taken; or agreed to be taken; by any person; or which have been forfeited and diminish the amount of its share capital by the amount number of the shares so cancelled.~~

(B) The Company may by Special Resolution, subject to and in accordance with the Act, convert one class of shares into another class of shares.

5. SHARE CERTIFICATES

The material differences between Articles 12(A), 13 and 14 of the Existing Constitution and Regulations 12(A), 13 and 14 of the New Constitution in the "Share Certificates" section are as follows:

Regulation 12(A)

12. (A) ~~Every share~~Subject to the Statutes, every certificate shall be issued under the Seal and shall ~~bear the facsimile signatures or the autographic signatures at least of any two Directors or one of the Director and the Secretary or such other person as may be authorised by the Directors, and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount paid up thereon (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical, electronic or other means provided the method or system of reproducing signatures has first been approved by the Directors of the Company.~~ No certificate shall be issued representing shares of more than one class.

Regulation 13

13. (A) ~~The Company shall not be bound to register more than three persons as the joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member~~Member.
- (B) Only one certificate shall be issued in respect of any share.

(C) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all. Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share.

Regulation 14

14. ~~Every person whose name is entered as a member~~Member in the Register of Members shall ~~(in the case of a transfer of shares) be entitled, within fifteen market days after the date of lodgement of any ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or the date of lodgement of a registrable transfer, or (subject to the provisions of the Statutes) such longer period of time may be approved by the stock exchange upon which the shares in the Company may be listed, to or on a transmission of shares (as the case may be), to receive one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.~~

6. FORFEITURE AND LIEN

The following Regulation 29(B) is added in the "Forfeiture and Lien" section of the New Constitution:

Regulation 29(B)

29. (B) In the event of a forfeiture of shares or a sale of shares to satisfy the Company's lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold.

7. TRANSFER OF SHARES

The material differences between Article 32 of the Existing Constitution and Regulation 32 of the New Constitution in the "Transfer of Shares" section are as follows:

Regulation 32

32. All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and ~~each stock exchange upon which the shares in the Company may be listed.~~ Anthe Designated Stock Exchange. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided ~~that CDP shall not be required to sign, as transferee, any instrument of transfer relating to any transfer of shares to it during such period as the Directors may think fit~~ always that an instrument of transfer in respect of which the transferee is the CDP or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the CDP or its nominee (as the case may be). The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register; of Members in respect thereof.

8. TRANSMISSION OF SHARES

The material differences between Article 38 of the Existing Constitution and Regulation 38(A) of the New Constitution in the "Transmission of Shares" section are as follows:

Regulation 38

38. (A) ~~Any person becoming entitled to a share in consequence of the death or bankruptcy of a member~~ Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. The Directors shall, in any case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member.
- (B) ~~If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing (in a form as may be approved by the Directors from time to time) signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these presents~~ Regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member event upon which transmission took place had not occurred and the notice or transfer were a transfer executed by such member Member.

The following Regulation 39(B) is added in the "Transmission of Shares" section of the New Constitution:

Regulation 39(B)

38. (B) The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with.

9. CENTRAL DEPOSITORY SYSTEM

The material differences between Article 41(a) of the Existing Constitution and Regulation 41(a) of the New Constitution in the "Central Depository System" section are as follows:

Regulation 41(a)

41. A reference to a ~~member~~Member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:

- (a) ~~except as required by the Statutes or law,~~ a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP ~~forty-eight (48)~~seventy-two hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to- deem each such Depositor, or each proxy ~~or proxies~~ of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as- at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between ~~two~~such number of proxies, to apportion the said number of shares between the ~~two~~ proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of the Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between ~~two~~such number of proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;

10. EXCLUSION OF EQUITIES

The material differences between Article 42 of the Existing Constitution and Regulation 42 of the New Constitution in the "Exclusion of Equities" section are as follows:

Regulation 42

42. Except as required by the Statutes or law, no person shall be ~~recognized~~recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to ~~recognize~~recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these ~~presents~~Regulations or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the ~~registered holder and nothing in these presents~~person (other than CDP or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share and nothing in these Regulations contained relating to CDP or to Depository Agents or to Depositors or in any depository agreement made by the Company with any common depository for shares, ~~or in any notification of substantial shareholding to the Company~~ shall in any circumstances be deemed to limit, restrict or qualify the above. ~~Any proxy or instructions on any matter whatsoever given by CDP or Depository Agents or Depositors to the Company and/or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.~~

11. GENERAL MEETINGS

The material differences between Article 46 of the Existing Constitution and Regulation 46 of the New Constitution in the "General Meetings" section are as follows:

Regulation 46

46. ~~An~~Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place in Singapore as may be determined by the Directors (subject to the listing rules of the Designated Stock Exchange). All other General Meetings shall be called Extraordinary General Meetings. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months or such other period as may be prescribed by the stock exchange upon which the Company's shares may be listed~~Act and the byelaws and listing rules of the Designated Stock Exchange or other legislation applicable to the Company~~ from time to time.

12. NOTICE OF GENERAL MEETINGS

The material differences between Articles 49(A) and 50 of the Existing Constitution and Regulations 49(A) and 50 of the New Constitution in the “Notices of General Meetings” section are as follows:

Regulation 49(A)

49. (A) Every notice calling a General Meeting shall specify the place ~~and therein Singapore~~, day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a ~~member~~Member entitled to attend and vote is entitled to appoint a proxy ~~or proxies~~ to attend and vote instead of him and that a proxy need not be a ~~member~~Member of the Company.

Regulation 50

50. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:
- (a) declaring Dividends;
 - (b) receiving and adopting the accounts, ~~the reports of financial statements~~, the Directors ~~and statement~~, the Auditors' reports and other documents required to be attached or annexed to the ~~accounts~~financial statements;
 - (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
 - (d) appointing Auditors or re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting);
 - (e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
 - (f) fixing the Directors fees.

13. PROCEEDINGS AT GENERAL MEETINGS

The material differences between Articles 52, 53 and 59 of the Existing Constitution and Regulations 52, 53 and 59 of the New Constitution in the “Proceedings at General Meetings” section are as follows:

Regulation 52

52. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as ~~chairman~~Chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any ~~meeting~~General Meeting neither be present within ~~five~~fifteen minutes after the time appointed for holding the meeting ~~and nor~~ willing to act, the Directors present shall choose one of their number (or, if no Director be present or ~~if~~ all the Directors present decline to take the chair, the ~~members~~Members present shall choose one of their number) to be ~~chairman of the meeting~~Chairman of the General Meeting. If required by the listing rules of the Designated Stock Exchange, all general meetings shall be held in Singapore, unless prohibited by relevant laws and regulations of the jurisdiction of the Company's incorporation, or unless such requirement is waived by the Designated Stock Exchange.

Regulation 53

53. No business other than the appointment of a ~~chairman~~Chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two ~~members~~Members present in person or by proxy, provided that (i) a proxy representing more than one ~~member~~Member shall only count as one ~~member~~Member for the purpose of determining if the quorum aforesaid is present; and (ii) where a ~~member~~Member is represented by more than one proxy, such proxies of such ~~member~~Member shall only count as one ~~member~~Member for purposes of determining if the quorum aforesaid is present. In addition, for the purposes of a quorum, joint holders of any share shall be treated as one Member.

Regulation 59

59. Unless a poll is required, a declaration by the ~~chairman~~Chairman of the ~~meeting~~General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets or electronic means) as the ~~chairman~~Chairman of the ~~meeting~~General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was ~~demanded~~required. The ~~chairman of the meeting~~ Chairman of the General Meeting may (and, if required by the listing rules of the Designated Stock Exchange or if so directed by the meeting shall) appoint scrutineers (if and where required by the listing rules of the Designated Stock Exchange, (i) at least one scrutineer shall be appointed for each General Meeting and the appointed scrutineer(s) shall be independent of the persons undertaking the polling process; and (ii) the appointed scrutineer(s) shall (a) ensure that satisfactory procedures of the voting process are in place before the general meeting; and (b) direct and supervise the count of the votes cast through proxy and in person) and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

The following Regulation 58(A) is added in the "Proceedings at General Meetings" section of the New Constitution:

Regulation 58(A)

58. (A) If required by the listing rules of the Designated Stock Exchange, a resolution put to the vote at any General Meeting shall be decided by a poll (unless such requirement is waived by the Designated Stock Exchange).

14. VOTES OF MEMBERS

The material differences between Articles 62, 64, 68, 69(A), 70(A), 71 and 72 of the Existing Constitution and Regulations 62, 64, 68, 69(A), 70(A), 71 and 72 of the New Constitution in the "Votes of Members" section are as follows:

Regulation 62

62. (A) Subject to any special rights, privileges or restrictions as to voting attached by or in accordance with these presentsRegulations to any class of shares, and to Article 8,Regulation 4, each memberMember entitled to vote may vote in person or by proxy.

(B) On a show of hands every memberMember who is present in person or by proxy shall have one vote, the chairman of the meeting to determine whichprovided that:

- (a) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and
- (b) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every memberon a show of hands.

(C) On a poll every Member who is present in person or by proxy shall have one vote for every share of which he is the holderholds or represents.

(D) For the purposes of determining the number of votes which a memberMember, being a Depositor, or his proxy or proxies may cast at any General Meeting on a poll, the references to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48seventy-two hours before the time of the relevant General Meeting as certified by CDP to the Company. A member, A Member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a memberMember, or attend, vote or act at any meeting of the CompanyGeneral Meeting.

Regulation 64

64. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any ~~member~~Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to ~~production of~~ such evidence of the appointment as the Directors may require being deposited at the Office not less than seventy-two hours before the time appointed for holding the General Meeting, permit such receiver or other person on behalf of such ~~member~~Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

Regulation 68(A)

68. (A) ~~A member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, provided that if the member is a Depositor, the Company shall be entitled and bound: Save as otherwise provided in the Act:~~

- (a) ~~a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and~~
- (b) ~~a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.~~

- (B) ~~(a) In any case where a Member is a Depositor, the Company shall be entitled and bound:~~

- ~~(a)(i) to reject any instrument of proxy lodged if ~~the~~by that Depositor, ~~if he~~ is not shown; to have any shares entered against his name in the Depository Register as at ~~48~~seventy-two hours before the time of the relevant General Meeting ~~as certified by CDP to the Company~~; and~~
- ~~(b)(ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered into against the name of that Depositor in the Depository Register as at ~~48~~seventy-two hours before the time of the relevant General Meeting as certified by CDP to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor; and~~
- ~~(b) the Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.~~

Regulation 69(A)

69. (A) An instrument appointing a proxy for any ~~member~~Member shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- (a) ~~in the case of an individual member, shall be signed by the member or his attorney duly authorised in writing; and: Member:~~
 - (i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or
 - (ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and

(b) in the case of a Member which is a corporation:

- (i) ~~(b) in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised in writing or a duly authorized officer of the corporation if the instrument of proxy is delivered personally or sent by post; or~~
- (ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.

The Directors may, for the purposes of this Regulation, designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

Regulation 70(A)

70. (A) An instrument appointing a proxy or the power of attorney or other authority, if any:

- (a) if sent personally or by post, must be left at the Office or such other place or one of such places (if any) as is specified for the purpose in the notice convening the General Meeting; or
- (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) General Meeting,

and in either case not less than forty-eightseventy-two hours before the time appointed for the holding of the meetingGeneral Meeting or adjourned meeting or General Meeting (or in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) before the time appointed for the taking of the poll at) to which it is to be used; and in default shall not be treated as valid.

Regulation 71

71. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meetingGeneral Meeting.

Regulation 72

72. A vote cast by proxy in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall not be invalidated by the previous death or ~~insanity~~mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made or the transfer of the share in respect of which the proxy is given, provided that no intimationnotice in writing of such death, ~~insanity or mental disorder,~~ revocation or transfer shall have been received by the Company at the Office at ~~least one hour (or such other place as may be specified for the deposit of instruments appointing proxies)~~ before the commencement of the ~~meetingGeneral Meeting~~ or adjourned ~~meetingGeneral Meeting~~ or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

The following Regulations 69(C) and 70(B) are added in the "Votes of Members" section of the New Constitution:

Regulation 69(C)

69. (C) The Directors may, in their absolute discretion:

- (a) approve the method and manner for an instrument appointing a proxy to be authorised; and
- (b) designate the procedure for authenticating an instrument appointing a proxy,

as contemplated in Regulation 69(A)(a)(ii) and 69(A)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), Regulation 69(A)(a)(i) and/or (as the case may be) Regulation 69(A)(b)(i) shall apply.

Regulation 70(B)

70. (B) The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 70(A)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), Regulation 70(A)(a) shall apply.

15. DIRECTORS

The following Regulation 81(B) is added in the "Directors" section of the New Constitution:

Regulation 81(B)

81. (B) Every Director and Chief Executive Officer (or person(s) holding an equivalent position) shall observe the provisions of the Statutes relating to the disclosure of the interests of the Directors and Chief Executive Officers (or person(s) holding an equivalent position) in transactions or proposed transactions with the Company or of any office or property held by a Director or a Chief Executive Officer (or person(s) holding an equivalent position) which might create duties or interests in conflict with his duties or interests as a Director or a Chief Executive Officer (or an equivalent position), as the case may be.

16. APPOINTMENT AND RETIREMENT OF DIRECTORS

The material differences between Articles 91 and 94 of the Existing Constitution and Regulations 91 and 94 of the New Constitution in the "Appointment and Retirement of Directors" section are as follows:

Regulation 91

91. The Company at ~~the meeting~~a General Meeting at which a Director retires under any provision of these ~~presents~~Regulations may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:
- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; ~~or~~
 - (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or where such Director is disqualified under the Act from holding office as a Director;
 - (c) where such Director is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds; or
 - ~~(d) where the default is due to the moving of a resolution in contravention of the next following Regulation~~Article; ~~or (d) where such Director has attained any retiring age applicable to him as Director.~~

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

Regulation 94

94. The office of a Director shall be vacated in any of the following events, namely:
- (a) if he shall cease to be a Director by virtue of the Act or become prohibited or disqualified by the Statutes or any other law from acting as a Director; ~~or~~
 - (b) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer; ~~or~~
 - (c) if he shall become bankrupt or have a receiving order made against him or shall make any arrangement or composition with his creditors generally; ~~or~~

- (d) if he becomes of unsound mind or mentally disordered and incapable of managing himself or his affairs, or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; ~~or~~
- (e) if he is absent~~;~~ for more than six months and without leave of the Directors, from meetings of the Directors held during that period; ~~or~~
- (f) if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds, he shall immediately resign from the Board of Directors; or
- (g) ~~_____~~ if he is removed by the Company in General Meeting pursuant to these ~~presents~~ Regulations.

17. MEETINGS AND PROCEEDINGS OF DIRECTORS

The material differences between Article 100 of the Existing Constitution and Regulation 100 of the New Constitution in the "Meetings and Proceedings of Directors" section are as follows:

Regulation 100

100. A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has ~~any interest~~, directly or indirectly, a personal material interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

18. GENERAL POWERS OF DIRECTORS

The material differences between Articles 109 and 115(A) of the Existing Constitution and Regulations 109 and 115(A) of the New Constitution in the "General Powers of Directors" section are as follows:

Regulation 109

109. The business and affairs of the Company shall be managed by or under the direction or supervision of the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these ~~presents~~ Regulations required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of ~~these presents~~ this Constitution, to the provisions of the Statutes and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this ~~Article~~ Regulation shall not be limited or restricted by any special authority or power given to the Directors by any other ~~Article~~ Regulation.

Regulation 115(A)

115. (A) The Directors shall cause minutes to be duly made and entered in books provided for such purpose:
- (a) of all appointments of officers to be engaged in the management of the Company's affairs;
 - (b) of the names of the Directors present at all meetings of the Company, of the Directors and of any committee of Directors; and
 - (c) of all resolutions and proceedings at all meetings of the Company, of any class of Members, of the Directors and of any committee of Directors, and of its Chief Executive Officers (if any).

Such minutes shall be signed by the ~~chairman~~ Chairman of the meeting at which the proceedings were held or by the ~~chairman~~ Chairman of the next succeeding meeting, and such minutes shall be conclusive evidence without any further proof of the facts stated therein.

19. KEEPING OF STATUTORY RECORDS

The material differences between Article 120 of the Existing Constitution and Regulation 120 of the New Constitution in the "Keeping of Statutory Records" section are as follows:

Regulation 120

120. Any register, index, minute book, accounting record, minute or other book of account required to be kept by the Company under the Statutes may, subject to and in accordance with the Act, be kept either by making entries in a bound book or (subject to in hard copy or in electronic form, and arranged in the manner that the Directors think fit. If such records are kept in electronic form, the Directors shall ensure that they are capable of being reproduced in hard copy form, and shall provide for the manner in which the records are to be authenticated and verified. In any case where such records are kept otherwise than in hard copy form, the Directors shall take reasonable precautions for ensuring the proper maintenance and authenticity of such records, guarding against falsification and for discovery of falsification, and to the provision of proper facilities for inspection to the persons entitled to inspection) by recording in any other permanent manner facilitating the discovery of any falsifications. The Company shall cause true English translations of all accounts, minute books or other records required to be kept by the Company under the Statutes which are not kept in English to be made from time to time at intervals of not more than seven days, and shall keep the translations with the originals for so long as the originals are required under the Statutes to be kept. The Company shall also keep at the Office certified English translations of all instruments, certificates, contracts or documents not written in English which the Company is required under the Statutes to make available for public inspection.

20. DIVIDENDS

The material differences between Article 123 of the Existing Constitution and Regulation 123 of the New Constitution in the "Dividends" section are as follows:

Regulation 123

123. (A) ~~—The~~Subject to the Statutes, the Company may by Ordinary Resolution declare dividendsDividends but no such dividendDividend shall exceed the amount recommended by the Directors.
- (B) ~~—The~~ Company shall declare an annual dividend payment of at least 25% of its net profit after tax, based on the Company's audited consolidated accounts for the relevant financial year, of which dividends paid by cash shall constitute at least 50% of the annual dividend payment, after taking into account, inter alia, the Company's actual profitability and ability to pay dividends in the relevant financial year, the operating cash flow requirements, financing commitments, anticipated capital expenditure, any future expansion and investment plans of the Company and its subsidiaries, and such other factors which the Board of Directors may, in its sole and absolute discretion, deem necessary or appropriate.

The following Regulation 134 is added in the "Dividends" section of the New Constitution:

Regulation 134

134. (A) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary shares of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit.

In such case, the following provisions shall apply:

- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation;

- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and (notwithstanding any provision of the Regulations to the contrary), the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (B) (a) The ordinary shares allotted pursuant to the provisions of paragraph (A) of this Regulation shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (b) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation, application, payment and distribution of funds pursuant to the provisions of paragraph (A) of this Regulation, with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in these Regulations, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down), or whereby the benefit of fractional entitlements accrues to the Company rather than the Members and to authorize any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation 134, determine that the rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation 134 shall be read and construed subject to such determination.
- (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Regulation 134, further determine that no allotment of ordinary shares or rights of election for ordinary shares under that paragraph shall be made available or made to Members whose registered addresses entered the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlements of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.
- (E) Notwithstanding the foregoing provisions of this Regulation 134, if at any time after the Directors' resolution to apply the provisions of paragraph (A) of this Regulation 134 in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and as they deem fit in the interest of the Company, cancel the proposed application of paragraph (A) of this Regulation 134.

21. FINANCIAL STATEMENTS

The material differences between Articles 136 and 137 of the Existing Constitution and Regulation 137 and 138 of the New Constitution in the “Financial Statements” section are as follows:

Regulation 137

~~136.137.~~ In~~The~~ Directors shall from time to time, in accordance with the provisions of the Statutes, the~~Directors shall~~ Act and the rules of the Designated Stock Exchange, cause to be prepared and to be~~laid before the Company in a General Meeting such profit and loss accounts of the Company financial~~ statements, balance sheets, group accounts (if any) and reports, statements and other documents as may be necessary. The interval between the close of a financial year of the Company and the issue of accounts relating thereto shall not exceed four months or such other period as prescribed by the said Act or other legislation or regulation applicable to the Company from time to time.

Regulation 138

~~137.138.~~ A copy of every~~the~~ financial statements and, if required, balance-sheet and profit and loss~~account which is to be laid before a General Meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto), which is duly audited and which is laid before the Company in General Meetings accompanied by a copy of the Auditor's report therein, shall not~~ less than fourteen days before the date of the meeting be sent to every member of, and every holder of debentures of, Member of the Company and to every other person who is entitled to receive notices of meetings from the Company~~General Meetings~~ under the provisions of the Statutes or of these presents, Provided that this Article~~Regulations, Provided always that and subject to the provisions of the listing rules of the Designated Stock Exchange (a) these documents may be sent less than fourteen days before the date of the General Meeting if all persons entitled to receive notices of General Meetings from the Company so agree; and (b) this Regulation shall not require a copy of these documents to be sent to more than one of any joint holders or to any person of whose address the Company is not aware, but any member or holder of debentures or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.~~

The following Regulation 136(A) is added in the “Financial Statements” section of the New Constitution:

Regulation 136(A)

136. (A) The Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Statutes, and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited.

22. AUDITORS

The following Regulation 139(A) is added in the “Auditors” section of the New Constitution:

Regulation 139(A)

139. (A) An Auditor shall be appointed and his duties regulated in accordance with the provisions of the Act. Every Auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act.

23. NOTICES

The material differences between Article 140 of the Existing Constitution and Regulation 141 of the New Constitution in the “Notices” section are as follows:

Regulation 141

~~140.141.~~ (A) Any notice or document (including a share certificate) may be served on or delivered to any member~~Member~~ by the Company either personally or by sending it through the post in a prepaid cover addressed to such member~~Member~~ at his Singapore registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company, or (as the case may be) CDP as his address for the service of notices, or by delivering it to such address as aforesaid. Where~~any~~ notice or other document is served or sent~~delivered~~ by post (whether by airmail or not), service or delivery shall be deemed to be effected~~have been served~~ at the expiration of twenty-four hours after the time when the envelope or cover containing the same is posted, and in proving such service or delivery, it shall be sufficient to prove that such envelope or cover was properly addressed, stamped and posted.

(B) AnyWithout prejudice to the provisions of Regulation 141(A), but subject otherwise to any applicable laws relating to electronic communications and the listing rules of the Designated Stock Exchange, any notice of meeting or other document (including, without limitation, any accounts, balance sheet, financial statements or report) which is required or permitted to be given, sent or served under the Act, Memorandum of Association of the Company or these presentsapplicable laws or under this Constitution by the Company, or by the Directors, to a Member may be given, sent or served by the Company using electronic communications in accordance with the Act. Any notice given, sent or served using electronic communication (as the case may be):

(a) to the current address of that person;

(b) by making it available on a website prescribed by the Company from time to time, or

(c) in such manner as such Member expressly consents to by giving notice in writing to the Company,

in accordance with the provisions of this Constitution and any applicable laws and the listing rules of the Designated Stock Exchange.

(C) For the purposes of Regulation 141(B) above, a Member shall be implied to have agreed to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.

(D) Notwithstanding Regulation 141(C) above, the Directors may, at their discretion, at any time give a Member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and such Member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such an event have a right to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.

(E) Where a notice or document is given, sent or served by electronic communications:

(a) to the current address of a person pursuant to Regulation 141(B)(a), it shall be deemed to have been duly given, sent or served uponat the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person or as otherwise provided under the Act and/or other applicable regulations or procedures(notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error message indicating that the electronic communication was delayed or not successfully sent), unless otherwise provided under applicable laws; or

(b) by making it available on a website pursuant to Regulation 141(B)(b), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, or unless otherwise provided under applicable laws, subject to compliance with the listing rules of the Designated Stock Exchange.

24. INDEMNITY

The material differences between Article 148 of the Existing Constitution and Regulation 150 of the New Constitution in the “Indemnity” section are as follows:

Regulation 150

~~149:~~150. Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company, and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him; by the court. Without prejudice to the generality of the foregoing, no Director, Manager, Secretary or other officer of the Company shall be liable for the acts, receipts, neglect or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects, shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

25. PERSONAL DATA OF MEMBERS

The following Regulation 152 is added in the “Personal Data of Members” section of the New Constitution:

Regulation 152

152. (A) A Member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that Member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:

- (a) implementation and administration of any corporate action by the Company (or its agents or service providers);
- (b) internal analysis and/or market research by the Company (or its agents or service providers);
- (c) investor relations communications by the Company (or its agents or service providers);
- (d) administration by the Company (or its agents or service providers) of that Member's holding of shares in the capital of the Company;
- (e) implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;
- (f) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);
- (g) implementation and administration of, and compliance with, any provision of these Regulations;
- (h) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and
- (i) purposes which are reasonably related to any of the above purpose.

(B) Any Member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such Member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in Regulation 151(A)(f), and is deemed to have agreed to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such Member's breach of warranty.

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SERIAL
新曄集團

SERIAL SYSTEM LTD
Company Registration No.199202071D
(Incorporated in the Republic of Singapore)

Important

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap 50 of Singapore, may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS moneys to buy Serial System Ltd shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

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 6 April 2017.

PROXY FORM
ANNUAL GENERAL MEETING

I/We*, _____ (Name)

of _____

(Address)

being a Member/Members* of Serial System Ltd (the "Company"), hereby appoint:

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

and/or*

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

or failing him/her/them*, the Chairman of the meeting as my/our* proxy/proxies* to vote for me/us* on my/our behalf* at the Annual General Meeting of the Company, to be held on Friday, 28 April 2017 at 11.00 a.m., and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specified direction as to voting is given or in the event of any other matter arising at the Annual General Meeting, my/our* proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

No.	Resolutions relating to:	For	Against
	Ordinary Business		
Ordinary Resolution 1	Adoption of Audited Financial Statements and Directors' Statement and Auditor's report		
Ordinary Resolution 2	Declaration of Final Cash Dividend as recommended by the Directors		
Ordinary Resolution 3	Approval of Directors' Fees		
Ordinary Resolution 4	Re-election of Mr. Ravindran s/o Ramasamy as Director of the Company		
Ordinary Resolution 5	Re-election of Mr. Ng Cher Yan as Director of the Company		
Ordinary Resolution 6	Re-appointment of Moore Stephens LLP as Auditors and authorisation for the Directors to fix their remuneration		
	Special Business		
Ordinary Resolution 7	Approval of Share Issue Mandate		
Ordinary Resolution 8	Authority to offer and grant Share Options and to allot and issue Shares under the Serial System Employee Share Option Scheme 2014		
Ordinary Resolution 9	Approval of renewal of the Share Buyback Mandate		
Special Resolution 10	Approval of adoption of the New Constitution		

* Note: Voting will be conducted by poll. 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 _____ 2017

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) / Common Seal of Corporate Shareholder

*Delete Accordingly

IMPORTANT: Please read Notes on the reverse page before completing this Form



Explanatory Notes For Proxy Form

Notes:

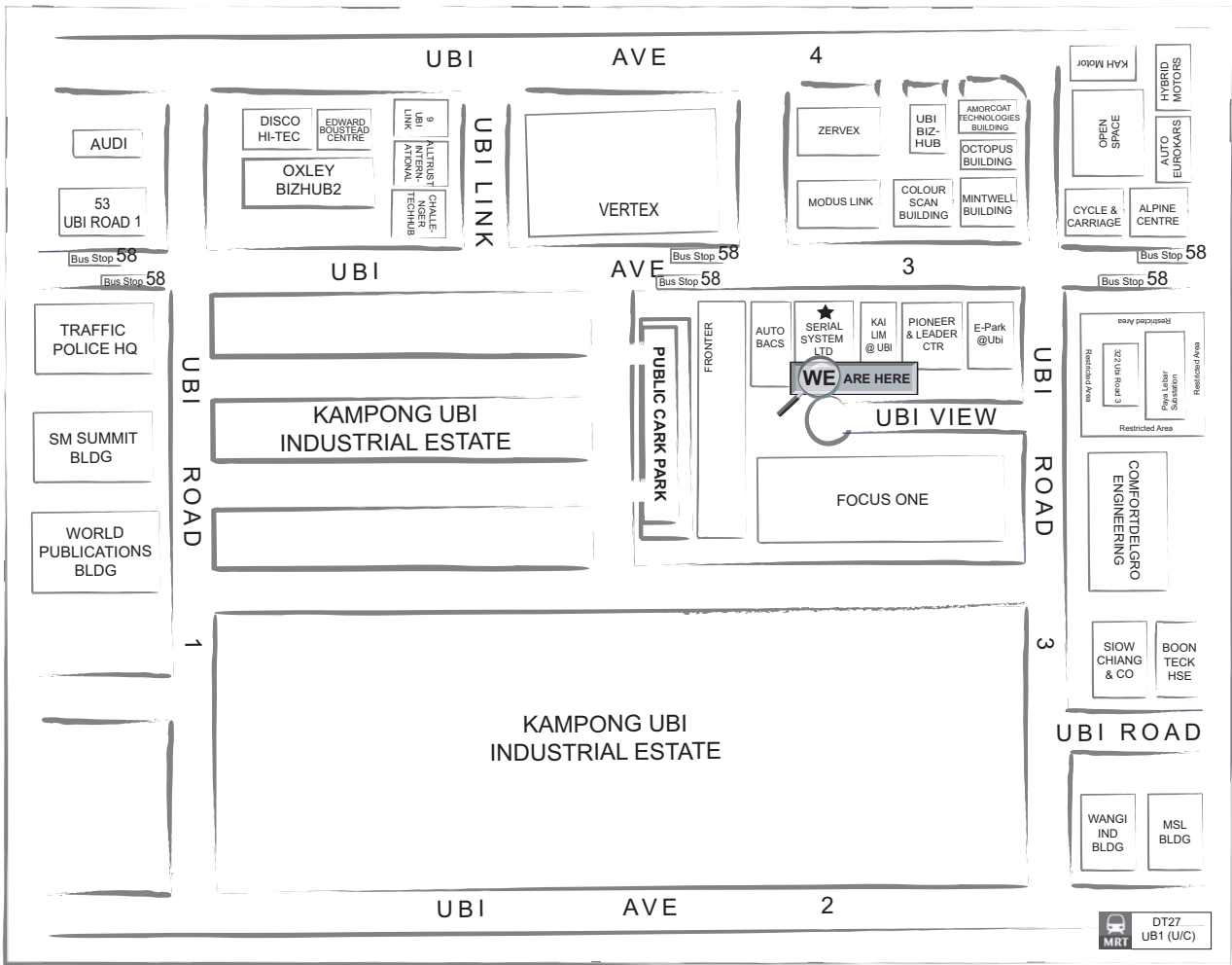
1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, 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) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

"Relevant intermediary" has the same meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. A proxy need not be a member of the Company.
4. This instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Ubi View #05-01 Serial System Building Singapore 408554, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. In such event, the relevant instrument appointing a proxy or proxies will be deemed to be revoked.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or any officer duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

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

Location Map



Public Transportation
Bus service SBS 58
Bishan - Pasir Ris



Your Integral Component To Success

SINGAPORE
AUSTRALIA
CAMBODIA
CHINA
HONG KONG
INDIA
INDONESIA
MALAYSIA
PHILIPPINES
SOUTH KOREA
TAIWAN
THAILAND
UAE (DUBAI)
VIETNAM



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